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CURRENT HISTORY

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EDITOR'S NOTE:

The civil war in Sri Lanka that has claimed more than 50,000 lives appeared to reach a turning point earlier this year. Government troops routed Tamil guerrillas from their Jaffna stronghold and the president, Chandrika Kumaratunga, looked like she was in a position to force the guerrillas to negotiate. But, as Kalpana Isaac argues in her review of the conflict, war has its own logic, one that points to ongoing conflict, not resolution.

The Indian-Pakistani conflict over Kashmir is also examined in this issue. The guerrilla insurgency, which if not directly aided is at least abetted by Pakistan; has not become a serious political problem for India—yet. Robert Wirsing sketches the history of the conflict and outlines the steps that could move it toward a peaceful conclusion.

The possibility that India or Pakistan might resort to their nuclear arsenals because of Kashmir has focused Western attention, especially since Pakistan made perhaps the first moves toward deploying nuclear weapons in 1990. Devin Hagerty reviews the nuclear equation with this possibility at the forefront.

The internal politics guiding Indian and Pakistani attitudes toward the nuclear question and relations with each other are among the issues Sumit Ganguly and Ahmed Rashid survey. The tensions these two multinational states face internally are also highlighted.

John Adams sounds the most optimistic note in the issue in his assessment of India's past economic accomplishments and its future prospects. We end, however, with Craig Baxter's portrayal of the dismal state of politics in Bangladesh, paralyzed and polarized by its two leading political figures.

COMMENTS ON THIS MONTH'S ISSUE?

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CURRENT HISTORY

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"It is difficult to recall a time in the more than 40 years since India's independence when the future course of the state was so profoundly dependent on the outcome of a general election. This is not to suggest that the country faces any imminent peril. India has consistently refuted the apocalyptic predictions of a legion of doomsayers... [However,] unless the emergent political leadership can make [the] crucial political choices, India faces the prospect of entrapment in the maw of economic stagnation, ethnoreligious discord, and declining international importance. . ."

Uncertain India

SUMIT GANGULY

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As India prepares to hold its eleventh general election this April, a profound sense of uncertainty stalks the political scene. It is by no means clear that any single party will emerge victorious. In India and abroad, political pundits are predicting a rout for the ruling Congress Party. Yet no other party seems to have sufficient support to sweep the polls. This bodes ill for India's future, and places many of the hard-won political and economic gains of the past few years at risk.

THE POST-COLD WAR THAW

India's political landscape has seen remarkable changes the past few years. At the end of the cold war, the country's leadership sought to discard many of the shibboleths that had undergirded domestic and foreign policies. Faced with the distinct prospect of an economic collapse, India implemented a strategy to dismantle its labyrinthine economic controls; while this highly regulated economic system had successfully promoted infrastructure development, it had outlived its usefulness.

The cold war's end also required fundamental changes in India's foreign policy. Though Indian politicians continued to allude to India's historic commitment to nonalignment, the doctrine had ceased to have much meaning. The decline of the Nonaligned Movement substantially reduced India's standing and scope for maneuver in world politics. With the collapse of the Soviet empire and the subsequent end of the Indo-Soviet security and arms transfer relationship, India moved to repair its relations with the United States and China. Relations with Pakistan, India's principal adversary, remained troubled.

India's record in domestic and foreign policy since the launch of its economic liberalization program and the end of the cold war has been far from exemplary but not bereft of achievement. On the domestic front, it has made important strides. Economic growth and inflation both hover around 6 percent, and foreign exchange reserves are at a comfortable \$19 billion. India's exports are growing rapidly and industrial performance is creditable. Internationally, India has improved relations with the United States, although differences remain on issues of nuclear proliferation and ballistic missile development. India has, however, dramatically improved its relations with China by tackling the long-standing border dispute, agreeing on a variety of confidence- and security-building

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measures, and expanding crossborder trade. Finally, although relations with Pakistan are at a low point, India has successfully isolated it from two hitherto friendly states, Iran and China; neither unequivocally supports Pakistan's position on the Kashmir dispute with India.

India's efforts to deal with the myriad domestic and international challenges it faces in the waning days of this century could be dealt a major setback if no political party wins a parliamentary majority in the April election. Depending on the particular coalition that emerges, a number of policy areas could be adversely affected. For example, a Congress-Left Front (a conglomeration of left-of-center political parties) coalition could force restraints on the fitful process of economic liberalization. Some members of the Left Front have condemned the putatively antipoor elements of the economic reform program. At the same time, a Bharatiya Janata Party (BJP)-led coalition government could also imperil the economic liberalization program, and would certainly damage relations with Pakistan and the Arab world. The BJP has promoted a brand of xenophobic nationalism with two important components: strong anti-Muslim (and therefore anti-Pakistani) rhetoric, and a militaristic, belligerent international image. The BJP's deeply antisecular outlook and blatantly hostile orientation toward India's 110 million-strong Muslim community could further poison communal relations within India.

LIBERALIZATION AND ITS DISCONTENTS

What precipitated this looming political crisis and what are the key issues of domestic and foreign policy with which a new government will have to contend after the April general election? The deeper causes of this impending problem can be traced to the organizational and ideological decline of the Congress Party. Authoritative observers have commented at length on the decline of the party's internal organization and its commitment to specific social and political goals.¹ This process started under Indira Gandhi, who in her later years as prime minister increasingly resorted to populist programs to garner votes. In part this strategy was designed to cope with the

demands of a variety of newly mobilized constituencies, such as minorities and the rural poor. In her quest for political dominance, Gandhi thus presided over the dismantling of political institutions in India, including her own party.

Indira Gandhi's son and successor, Rajiv, initially made an effort to restore a degree of probity and organizational efficacy to the Congress. However, as he became enmeshed in political troubles he abandoned his well-intentioned efforts. By the time Narasimha Rao assumed office in 1991, the party structure was a shriveled and weakened entity. Presiding over a nation besieged by social unrest and on the verge of economic collapse, Prime Minister Rao could ill afford to take on the task of rebuilding the party. Over the next several years the prime minister's energies were directed toward the economic liberalization program, reorienting India's foreign policy, and dealing with Kashmir. Internal organizational reform and the restoration of institutional efficacy had to take a back seat.

Ironically, the push toward economic liberalization, one of the successes of the Rao regime, may well become its most important liability as the elections approach. Despite the obvious gains that the economic liberalization program has brought India, it lacks mass appeal among voters. There is little question that liberalization has brought about concrete results. India today boasts a middle class conservatively estimated at 120 million people, yet the rewards of liberalization have not trickled downward. Instead, economic reform, in its initial phase, has sharpened economic disparities. The Indian market has been flooded with consumer goods, most of which remain beyond the reach of working-class citizens. Neither Prime Minister Rao nor Finance Minister Manmohan Singh, the principal architect of the reforms, has been able to articulate a vision that the vast majority of the voting population can comprehend and support. The reforms have instead provided electoral fodder for their political adversaries.

The politics of economic reform has made strange bedfellows. Segments of the political left and the traditionally right-wing BJP have united to oppose components of the reform process. Leftist labor unions have highlighted the uncertainties that reform has introduced, generating considerable opposition to the government's attempts to alter the bloated and largely inefficient public sector. Eventually, the adoption of an "exit policy" will result in plant closings and layoffs. Fearing the

¹See James Manor, "The Dynamics of Political Integration and Disintegration," in S. Jeyaratnam Wilson and Dennis Dalton, eds., *The States of South Asia: Problems of National Integration* (Honolulu: University of Hawaii Press, 1982), pp. 89-110.

worst, powerful and well-entrenched labor unions with extensive political connections have sounded the tocsin.

The jingoistic BJP, the principal opposition party in parliament, has also sought to exploit voter misgivings about the anticipated costs of economic liberalization. To this end the party has resurrected an old fear of the Indian political left: that liberalization will encourage the unbridled entry of foreign multinationals into the Indian market. These behemoths, BJP stalwarts argue, will wipe out indigenous entrepreneurs and exploit the Indian market. Moreover, BJP spokesmen preach that foreign companies will only introduce crass consumerism into India and not contribute to technological advance. A BJP regime, its proponents argue, would induce foreign companies to bring in "computer chips, not potato chips." The BJP-run government in the national capital area of New Delhi has already targeted a Kentucky Fried Chicken franchise, forcing it to close on the most tenuous grounds after health inspectors found two flies in the kitchen; the order was subsequently quashed by an Indian court.²

To bolster its contentions about foreign penetration and control of the Indian economy, the BJP has also dexterously appropriated the idea of *swadeshi* (national self-reliance), a sentiment that has deep roots in Indian political history. This term recalls the glory days of nationalist agitation against British colonial rule. By invoking memories of colonial domination, the BJP is promoting a form of xenophobic nationalism among many who have anxieties about their own economic futures.

Finally, the BJP has sought to portray the Congress as a corruption-ridden party. In 1995 a BJP coalition government in the western state of Maharashtra forced the renegotiation of a \$2.8 billion power plant construction contract with the Enron Corporation, a United States-based firm, alleging that Enron had bribed former Congress government members to obtain the contract. Subsequently, the BJP brought parliamentary proceedings to a virtual halt last November with its strident accusations of bribery and favoritism

against Minister for Telecommunications Sukh Ram in the awarding of cellular telephone contracts. Even though the BJP spokesmen could not point to any specific evidence of governmental malfeasance, they nevertheless charged that the government had compromised the bidding process in awarding a disproportionate number of contracts to a little-known Indian electronics firm, Himachal Futuristic Communications Limited.

The BJP's strategy of casting aspersions on economic liberalization notwithstanding, India cannot afford to retreat from liberalization. Barring a handful of irresponsible trade unionists and BJP ideologues, most economic analysts in India recognize that the country was faced with an economic Dunkirk in 1991. Retreating from the present course could again bring the country to the edge of an abyss. Yet over the short term, the BJP's economic nationalism is likely to chase away

foreign investors and slow the country's efforts to shed the ideological baggage of the past.

*A BJP regime,
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"computer
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potato chips."*

THE BRIBERY SCANDAL: POTENTIAL WINNERS AND LOSERS

The BJP had gained substantial political ground by drawing attention to the shortcomings of the economic liberalization program and the allegedly corrupt practices of the Congress. These charges, regardless of their veracity, have considerable resonance in Indian politics, where corruption has been widespread. The bribery scandal that broke in January threatened not only the political fortunes of the ruling Congress but of the other two major parties, the BJP and the Janata Dal. The political fallout from this bribery scandal has added significantly to the already uncertain future that lies beyond the elections.

On January 16, 1996, India's premier federal investigative body, the Central Bureau of Investigation (CBI), brought charges of bribery against three Congress cabinet ministers: Balram Jhakar (Agriculture), Madhavrao Scindia (Human Resources Development) and V. C. Shukla (Parliamentary Affairs). Each was accused of involvement in an \$18 million bribery scheme that gave out official favors and kickbacks to a family firm. All three ministers promptly resigned. Simultaneously, the CBI filed similar charges against the leader of the opposition and the president of the BJP, L. K. Advani, who has resigned his parliamentary seat

²In the southern city of Bangalore, the municipal corporation briefly shut down a Kentucky Fried Chicken outlet on the grounds that excessive amounts of monosodium glutamate was being used to prepare chicken.

pending an investigation. Two prominent Janata Dal Party leaders, Arif Mohammed Khan and Sharad Yadav, were also implicated.

The ramifications of this scandal are difficult to assess. There is little question that it will damage the electoral fortunes of all the major political parties. It will certainly hurt the BJP, which had long portrayed itself as being a highly disciplined party, free from the taint of political corruption. Yet Prime Minister Rao, who among a host of other responsibilities controls the Ministry of Personnel (the parent ministry of the CBI), may stand to benefit from this scandal. Since he, in effect, permitted the CBI to pursue its investigations against three cabinet colleagues and various other Congress Party members, his political standing may improve. On the other hand, given the recent assertiveness of the Supreme Court, if any evidence of wrongdoing emerges against the prime minister, his political fortunes, too, could plummet.

At a larger level, the CBI's willingness and ability to bring charges against some of the highest elected officials in the land has already won accolades from prominent Indian political commentators and journalists. Many have expressed hope that a full-scale discussion of corruption in India's ruling circles will become a leading election issue. The comments of these Indian political analysts reflect a deep-seated and pervasive mood among the Indian electorate, which has come to see political corruption as endemic to the Indian polity.

THE SECULAR STATE'S END?

In the wake of BJP president Advani's involvement in the bribery scandal, the party may be hard pressed to dwell on the corruption issue in the election campaign. It will, however, attempt to resurrect a long-standing set of social issues relating to Indian secularism. In recent years the BJP has pursued its antiseccular agenda with a vengeance. Indeed, its stridency went beyond rhetoric in December 1992, when a well-organized group of agitators belonging to the Bajrang Dal, the Rashtriya Swayam Sevaks (RSS), and the Vishwa Hindu Parishad (VHP)—three militant Hindu organizations with close ties to the BJP—attacked and destroyed the fourteenth-century Babri mosque in Ayodhya, a town in the northern state of Uttar

Pradesh. According to the miscreants and their supporters, the mosque had been built on the ruins of a Hindu temple consecrating the birthplace of Lord Rama, a prominent member of the Hindu pantheon. In the aftermath of the mosque's destruction, widespread Hindu-Muslim rioting took place across India, resulting in the deaths of several thousand people.³ As a result of the widespread loss of life and destruction of property, the BJP and its associates suffered a political setback. Yet as their subsequent political successes in 1994 in the states of Gujarat and Maharashtra demonstrated, the BJP is far from being a spent political force in Indian politics.

As the election campaign shifts into high gear, the BJP is continuing its assault against the scarred edifice of Indian secularism. One of the devices that it has fashioned to lead this charge is the endorsement of a Uniform Civil Code. Adopting such a code would put an end to the differing legal dispensations in the area of personal law that currently exist for Muslims and other minorities in India. Under ideal political circumstances, the adoption of a Uniform Civil Code would make eminent sense despite the opposition of the Muslim orthodoxy. However, in the BJP's hands, the Uniform Civil Code is a Trojan horse. The party wants to push through this legislation simply to secure the votes of segments of the Hindu community that believe Muslims have disproportionately benefited from the government's largesse. The BJP has also raised other electoral issues that threaten to erode India's commitment to a secular polity. It has, for example, resurrected an age-old demand—a ban on cow slaughter—that has considerable resonance among conservative Hindus, who deem it to be a repugnant practice.

A recent decision by the Indian Supreme Court that overturned a decision of the Bombay High Court provided an unexpected boost to the BJP's antiseccular credo. The lower court had set aside the election of a Shiv Sena (a BJP ally and violently nativist political party) candidate and several BJP candidates in Maharashtra state on the grounds that they had violated the terms of the Representation of the Peoples Act by making religiously based appeals. This legal decision will be used by the BJP to legitimize its blatantly sectarian appeals.

THE KASHMIR QUESTION

The next government will have to confront several smoldering political issues. One of these, of course, is the economic reform process. Another

³On the Ayodhya debacle, see Peter Van der Veer, "Ayodhya and Somnath: Eternal Shrines, Contested Histories," *Social Research*, vol. 59, no. 1 (Spring 1992).

pressing problem is the six-year-old insurgency in the state of Jammu and Kashmir.

The insurgency is the result of rapid political mobilization and institutional decay. The growth of literacy, media exposure, and telecommunications produced a new generation of politically conscious and assertive Kashmiris. Unfortunately, New Delhi, perennially fearful of the loss of centralized power, misread Kashmiri demands for greater autonomy and federalism as incipient secessionism and systematically tampered with the democratic process in the state. With all avenues of legitimate political dissent effectively blocked, this politically assertive generation of Kashmiris turned to violence.⁴ And once the rebellion ensued, India's long-time adversary, Pakistan, stepped in to provide sanctuaries, training, organization, and weaponry to the insurgents.

The government's widespread use of force to wear down the insurgents has inevitably resulted in significant human rights violations in fighting that has left between 15,000 and 20,000 dead. Faced with strident criticisms from domestic organizations such as the People's Union for Civil Liberties and international human rights organizations such as Asia Watch and Amnesty International, the Indian government has mounted a vigorous public relations campaign while simultaneously reigning in the security forces. In its public relations efforts, the authorities have sought to portray the insurgents as common murderers and terrorists. At the same time, the government recently created a human rights cell in the Indian army and has punished an unspecified number of officers and enlisted personnel accused of flagrant human rights violations. But it must address the human rights issue directly to regain the trust and confidence of the Kashmiris and to restore law and order.

Another issue that is ripe for resolution is the question of elections in Kashmir. The government has repeatedly deferred from holding elections in the state because it is unable to create sufficient stability for even moderately fair voting. Its 1995 election plans went up in smoke when Kashmiri and Afghan insurgents destroyed a fourteenth-cen-

tury shrine in the Kashmir Valley town of Charar-e-Sharief that May, sparking widespread demonstrations throughout Kashmir. Given the acutely disturbed conditions in the state, the government has been unable to compile voters' lists. But having repeatedly deferred elections, the Indian government is now under renewed pressure from the Supreme Court to proceed with a vote. Despite persisting problems, the government is making efforts to hold elections in the state later this year.

But the government has yet to hold concerted, organized, and extensive negotiations with the insurgents. To promote conditions conducive to negotiations, it has released over the past two years two of the principal leaders of the Jammu and Kashmir Liberation Front, Yasin Malik and Shabir Shah. Neither of these men nor Hurriyat (a conglomeration of Kashmiri political parties and leaders opposed to the government of India) has been

especially forthcoming. Such reticence is understandable. The other major insurgent groups—the Jammu and Kashmir Islamic Front, the Harkat-ul-Ansar, the Hizb-ul-Mujahideen, and the Laskar-i-Toiba and the Muslim Janbaz force—not only remain hostile toward negotiations but will physically eliminate any leader who breaks ranks. Until the Indian security forces can militarily defeat the most intractable insurgent groups, meaningful negotiations will remain a chimera.

*Will [India's
leaders]
realize that
ethnic
scapegoating
is not a
panacea for
fundamental
social and
economic ills?*

AND THE NUCLEAR QUESTION

Another issue that will confront any future regime is India's nuclear status and posture. The nuclear debate within India has acquired momentum since the indefinite and unconditional extension of the nuclear Non-Proliferation Treaty (NPT) in 1995. India is, along with Israel and Pakistan, one of the three countries believed to have nuclear weapons outside the NPT framework, official professions to the contrary notwithstanding. It has come under considerable pressure from the United States and other major powers, such as Japan and Germany, to forswear the nuclear weapons option. Such concerted external pressure to abandon the nuclear option in the wake of the treaty extension has been counterproductive, serving only to fuel the domestic political debate in India. The BJP and the hawkish sections of India's "attentive public" have stridently criticized the government for its failure to adopt a tougher posture.

⁴For a detailed discussion, see Sumit Ganguly, *Between War and Peace: The Kashmir Question Revisited* (Washington, D.C.: Woodrow Wilson Center Press, forthcoming).

These arguments constitute a curious amalgam of idealism and realpolitik. Some critics, especially within the ranks of the BJP, believe that India needs nuclear weapons to fend off potential challenges from Pakistan and China. Others, while making the same argument, also hold that the NPT framework is fundamentally discriminatory. Their arguments have gathered renewed strength with the failure of the nuclear weapons states after the NPT renewal to seriously address long-term plans for the elimination of nuclear weapons beyond hortatory statements and pious expressions. Meanwhile, the Indian government has been stung by sharp domestic criticism. Fearing that the nuclear loophole provided by India's refusal to sign the NPT will be closed by the impending passage of the Comprehensive Test Ban Treaty, the government has recently altered its position on the CTBT as well as on a global ban on the production of weapons-grade fissile material.

Prior to the renewal of the NPT, India had been an enthusiastic supporter of both these steps. It had, in fact, cosponsored a resolution with the United States in the United Nations General Assembly as recently as 1994, calling for a global ban on the production of weapons-grade fissile material. India was also one of the original proponents of the CTBT in the 1950s. Now the government is insisting that India's accession to the proposed CTBT regime must be linked to a schedule for universal and complete disarmament. Electoral rhetoric and considerations aside, the shift in the Indian position is based on a combination of fairness and expediency. India correctly criticizes the nuclear weapons states for seeking ways to maintain their nuclear monopoly. But the Indian position is also tinged with political considerations. Had India already developed the technological capabilities and infrastructure for similar tests, it is doubtful that it would resist the passage of the CTBT in its proposed form.

A well-publicized news leak from the United States Defense Department in late December 1995 rekindled the nuclear debate within India. Based on satellite reconnaissance, Pentagon sources claimed that it appeared India was making preparations for a second nuclear test (the first was in 1974). The official Indian reaction was perplexing. After issuing a categorical denial, Indian spokesmen claimed that the allegations about an impending

Indian nuclear test were entirely "speculative."

The Defense Department report, which was first carried in *The New York Times*, set off a firestorm of controversy within India. Hawkish Indian strategists argued that India should indeed go ahead and test nuclear weapons in light of renewed French and continued Chinese nuclear testing. The government reiterated its opposition to nuclear testing but insisted on India's right to maintain its nuclear weapons option. Given the degree of popular support that exists within India for maintaining the status quo, it is doubtful that there will be significant shifts in Indian nuclear policy in the foreseeable future. The nuclear question will undoubtedly persist as a contentious issue in India's relations with many of the advanced industrial states and the United States in particular.

CRUCIAL CHOICES

It is difficult to recall a time in the more than 40 years since India's independence when the future course of the state was so profoundly dependent on the outcome of a general election. This is not to suggest that the country faces any imminent peril. India has consistently refuted the apocalyptic predictions of a legion of doomsayers. Regardless of the electoral outcome the integrity of the Indian polity is not in doubt. The issues at hand are of a different order. India's political leaders, regardless of ideological predilections, face key choices in both the domestic and foreign policy arenas. On the domestic front, will they discard the rallying cry of economic nationalism and recognize that economic globalization is no longer a policy choice but a fact? Will they realize that ethnic scapegoating is not a panacea for fundamental social and economic ills? Will they also have the courage to restore a degree of probity to Indian public life?

In the realm of foreign relations, will they have the sagacity to provide a quiet requiem to non-alignment and continue the pragmatic approach that the country belatedly adopted at the end of the cold war? Unless the emergent political leadership can make these crucial political choices, India faces the prospect of entrapment in the maw of economic stagnation, ethnoreligious discord, and declining international importance at the end of the twentieth century. ■

"In the 1990s India has abandoned or modified many of its economic precepts in reaction to dramatic changes internationally. Pursuing economic growth and social gains will require further adjustments; mistakes will no doubt be made and corrected. What might we expect in the near future?"

Reforming India's Economy in an Era of Global Change

JOHN ADAMS

India's economic achievements have been varied and impressive in the half-century since it gained independence in 1947. Structurally, the nation has become more industrial and less agricultural. Steel, chemicals, machinery, rail equipment, defense goods—the products of a mature industrial economy—have become available, in large part through government-led investment. Along with China, Brazil, South Korea, and Mexico, India is one of the giant economic engines of the emergent third world, and ranks among the dozen largest national economies on the planet. In the last five decades the nation's output has increased fivefold. In 1950, 360 million Indians produced \$50 billion of goods and services; in 1995, 925 million Indians produced \$250 billion.

If there have been successes in developing the economy and making the typical Indian family better off, there have also been disappointments. Using a conservative count, 200 million people survive only meagerly in terrible poverty. Two-thirds of all women are illiterate. Clean water, adequate sanitation, and basic health care are absent from many villages and urban slums. Any overall judgment of India's record will thus depend on how the items on the plus side of the ledger are tallied against those on the negative side. While there is no way to conclude the debate definitively, it is beyond question that the scope and scale of India's economy have been vastly transformed.

JOHN ADAMS, professor and chair in the department of economics, Northeastern University, writes on the economic development of South Asia. He has coauthored *India: The Search for Unity, Democracy, and Progress* (Princeton, N.J.: D. Van Nostrand, 1976) and *Exports, Politics, and Economic Development: Pakistan, 1970-1982* (Boulder, Colo.: Westview, 1983).

THE ACCOMPLISHMENTS BEFORE RAO'S REFORMS

Since 1991, India has experienced an ongoing wave of significant economic policy reforms. Careless rhetoric emanating from the media, and sometimes from putative experts, avows that these initiatives were mandated by inferior economic performance in prior decades, especially the failure of an excessively autarkic socialism. This interpretation is false; the facts are exactly the reverse.

This becomes clear when India's record of economic growth is divided into three phases. From 1950 through 1980, India was committed to planning; with New Delhi and state governments invested heavily in industry and infrastructure, including irrigation and power. This period of the "Socialist Pattern of Society" generated respectable rates of economic growth (allowing for some unevenness attributable to the monsoons' effects on agriculture and mild fluctuations in industrial production). Agricultural output expanded by almost 3 percent per year on average after independence. In the 1970s, annual industrial growth was 4.5 percent per year, while exports grew at 5.9 percent. GDP climbed at a 3.4 percent annual rate, and GDP per capita rose by 1.2 percent a year. These are respectable numbers for a large, very poor economy; only in the shadow of the incredible advances of South Korea and Taiwan can they be made to appear deficient.

For reasons that are not yet fully understood, India's growth rate accelerated dramatically in the 1980s. This Golden Decade featured a pattern of self-reinforcing expansion that represented a leap to an unprecedented economic trajectory. All components of the economy behaved admirably. Agriculture continued solidly on course, with its growth rate bumping up to 3.4 percent a year,

despite disheartening monsoons between 1986 and 1988. Industrial production rose by 6.9 percent annually from 1980 to 1991, accompanied by an export surge that averaged 7.4 percent per year. GDP expansion averaged 6.5 percent annually and GDP per capita climbed at a healthy rate of 3.5 percent, roughly tripling the rate of the prior three decades. India, along with Pakistan, suddenly had one of the world's most rapidly expanding economies.

Unfortunately, the rapid economic growth in the 1980s was accompanied, at the end of the decade, by a descent into an episode of fiscal and monetary mismanagement that was untypical of India's postindependence economic leadership. Generally, the Planning Commission, the Ministry of Finance, and the central bank of India have adhered to conservative tenets in managing the nation's fiscal deficits and supply of money and credit. In contrast to many third world (and some first world) governments, macroeconomic policymaking by the responsible Indian authorities had been comparatively immune to the expedients politicians often advocate to cultivate popular support, especially when elections near. Inflation was normally held to single digits, the budget deficit was controlled, and sufficient foreign exchange was available to sustain the value of the rupee.

After 1985, India's economic managers relaxed their hold on the nation's supply of money and credit and were inattentive to a mounting fiscal deficit. By the end of the decade, excessive borrowing was financing both the internal budget deficit and the external payments shortfall arising from the excess of imports over exports. Political infighting marred and ended first Prime Minister V. P. Singh's and then Prime Minister Chandra Shekhar's brief terms of office. The Persian Gulf War in 1990 led to a higher energy import bill, caused a decline in worker remittances from the Middle East, and was the final tug in a rapidly unraveling financial situation. The budget deficit equaled 10 percent of GDP in 1990, annual inflation surged to over 10 percent, and foreign reserves fell to only \$2 billion, scarcely enough to cover one month's imports.

RADICAL RAO

In May 1991, following Prime Minister Rajiv Gandhi's assassination, Indians went to the polls

and brought the Congress Party back to power—barely. Economic issues did not figure heavily in the election debates, which centered on other topics: political stability, Hindu nationalism, and job and college quotas for disadvantaged castes. As it had done before, the Congress leadership found consensus and refuge in selecting a noncontroversial senior figure, P. V. Narasimha Rao, a southerner from Andhra Pradesh state, as party head and prime minister.

Recognizing the need to seize control of the national purse and reestablish confidence, Rao assembled a team of experienced pragmatists, headed by Finance Minister Manmohan Singh. The rupee was devalued, controls on private investment were relaxed, and foreign investment rules were modified to enable foreign firms to hold controlling interests (51 percent) in joint undertakings. Neither members of the Congress nor the

opposition voiced concern over these sharp departures from prior practices, which had seemed immutably grounded in India's state-directed program of self-reliance. In the normally highly charged crucible of Indian politics, economic policy suddenly appeared quarantined from criticism or serious debate.

The financial tightening Rao and his team instituted quickly brought inflation under control, began to correct the government's overspending, and triggered the refilling of foreign-exchange coffers. Public investment slowed and private

investors, faced with uncertainties and changing rules, cut back on capital spending. Contrary to conventional wisdom, India's economy was stalled, not energized, by the catharsis of Rao's reform. The economic surge of the 1980s was over.

GDP grew only 0.9 percent in 1991, agricultural output was off by -2.3 percent, and industrial output fell 0.8 percent. In 1992 and 1993, the economy stabilized; annual GDP grew 4.3 percent and agriculture resumed expanding at 4 percent per year, but industrial output climbed at a sluggish 3.2 percent rate. Compared to the more than 6 percent annual GDP growth path of the 1980s, the three-year slump between 1992 and 1994 cost the Indian economy some 10 percentage points of potential GDP gain, or about \$20 billion. Only in mid-1994 did industrial growth fully resume and GDP expansion move back above 5 percent.

By late 1995 the economy had regained its robustness. Industry was growing at approxi-

Contrary to conventional wisdom, India's economy was stalled, not energized, by the catharsis of Rao's reform.

mately 8 percent annually, and aggregate GDP growth was about 6 percent. Export growth, which had been strong after 1991, was by the summer of 1995 running 20 percent ahead of 1994. Entering 1996, it is fully evident that India has returned to the high growth path of the Golden Decade.

NOT A MORALITY PLAY

It is often said that India embarked on a course of policy reform because the policies followed between 1950 and 1991 failed. This observation is usually grounded, with more or less sophistication, in a contrast between the inherent disadvantages of state-guided economic development programs and the avowed virtues of the market system and private initiative. Scrutiny of that period belies this observation.

After 1950, the sustained effort entailed in pursuing the Socialist Pattern of Society transformed the economy structurally, laid the material basis for national security, fed the nation, and generated acceptable overall growth. During the Golden Decade of the 1980s, India was one of the world's fastest growing nations. That growth, and targeted assistance and work programs, appreciably lowered the fraction of families living below the poverty line. The post-1991 reforms came on the heels of exceptional growth, and were followed by three years of stagnation. Reforms are advancing at a measured pace, taking the form of dispensations from the still-powerful center and its legendary bureaucracy, driven more by necessity than conviction. Significantly, New Delhi has not taken any abrupt steps to privatize state enterprises, but rather seeks to make them more efficient and earn profits for public reinvestment.

That the reform process escaped the usual superheated rhetoric and street actions that have customarily displayed the sharp cleavages among India's political parties and social strata almost defies explanation. Nothing in the lead-in to the 1991 election suggested that a Rao-led Congress Party would implement drastic policy changes and redraft India's economic strategy. In parliament the opposition neither challenged the Rao-Singh initiatives nor offered coherent alternatives. And as the country moves toward the April 1996 polls, a similar torpor prevails. The Hindu nationalist Bharatiya Janata Party (BJP) talks vaguely of a return to Gandhian *swadeshi*-ism, or patronizing and giving preference to Indian industry, but no one takes this option seriously. At the same time, the leader of West Bengal's ruling Communist

Party, Jyoti Basu, has legitimized the pursuit of domestic and even foreign capital to rejuvenate the state's senescent industries.

The political leadership's placid response can be accounted for only by placing economic reform in the broader context of the global changes that are so pervasive and irresistible as to move most of the policy adjustments beyond debate. Little can be gained, inside or outside India, by trying to impose a morality-play scenario on unfolding events, one in which capitalism vanquishes socialism.

INDIA AND THE FOUR INTERNATIONAL IMPERATIVES

Prime Minister Rao's Congress government faces uncertain prospects in the upcoming parliamentary elections, but regardless of the outcome, India's economic policies will be shaped domestically by the need to deliver sustained rapid growth whose dividends must be broadly shared. Yet the nation's range of options is increasingly curtailed by a set of compelling international imperatives that sharply restrict the leadership's former discretion to pursue a uniquely Indian path.

These forces and their implications may be clustered under four headings: the technological imperative, the institutional imperative, the size imperative, and the communications imperative. Responding effectively and promptly to these global pressures is essential as the Indian government reconfigures economic policies and as Indian business managers strive to seize the advantages they offer. Failure or delay will condemn most Indians to sustained impoverishment and heighten the risk that a discredited political system will fragment or dissolve, leaving a billion people in disarray akin to that embroiling Zaire or Afghanistan.

An international economic imperative exists when a nation is presented with advantages so evident, or costs so oppressive, that lines of action are plainly drawn. Conforming to the most-favored-nation clause is necessary to reap the considerable advantages of participation in the World Trade Organization; this is an illustration of an institutional imperative. Designing, producing, and marketing automobiles is best achieved in a large-scale corporate enterprise, an example of the size imperative. Examples of the communications imperative have become ubiquitous: few governments are willing to devote the time and resources to discover every satellite dish, videocassette player, or Internet connection to protect state telecommuni-

cations monopolies or restrict access to foreign ideas and impure entertainment.

In his budget messages between 1991 and 1995, Finance Minister Singh recharted India's economic course. Controls on private investment have been removed or relaxed. By 1994, mining, most manufacturing sectors, electricity, airlines, telecommunications, and banking had been substantially opened to private domestic investors. Foreign companies were welcomed more selectively. In early 1992, the government abandoned the maze of licenses controlling the import of intermediate and capital goods. The average tariff rate was slashed from 87 percent of import values in 1991 to 33 percent in 1994. In April 1995, items such as coffee, audiotapes, personal computers, and sporting goods were added to the list of consumer imports no longer requiring official approval. New private banks have been sanctioned since January 1993, and all banks have been given greater latitude to make loans and set interest rates. Personal and corporate tax rates have been lowered and simplified. The rupee is now convertible.

Most components of India's package of reforms are associated with one or more of these four international imperatives, which are also responsible for India's readiness to court foreign multinationals after years of disdain. Consider technology. Under the policy of self-reliance, India had been reluctant to approach foreign companies for new technologies, fearing colonial-type dependence; many Indians also shared an overt hostility to the presence of multinationals on Indian soil. Between 1950 and the 1980s, India absorbed and developed the technology to create a large industrial economy. But by 1990 the nation probably had more technology gaps in more areas, such as pharmaceuticals, computers, industrial materials, and telecommunications, than in 1970.

Neither the government nor the private sector could spend sufficient funds to catch up in all fields of science and engineering. India's GDP of \$250 billion roughly equals what the United States, Germany, and Japan together spend annually on research and development. To match this total, India would have to devote its entire national product to research and technology. The country had little choice other than to change its

attitude if it was to stay near the technology frontiers across the spectrum of modern innovations.

India's new outlook on private investment from overseas was quickly manifested in the government's reception of foreign delegations. In May 1994, United States Secretary of Commerce Ronald Brown led a delegation of 26 chief executive officers of major American companies to India. Although the amount is largely symbolic, \$7 billion in tentative investment deals were announced, covering power plants, oil and gas exploration, satellite communications, and cable television. In early 1996, a 300-member Canadian delegation initialed 78 commercial and investment contracts dealing with the transport, highway, telecommunications, and petroleum industries. At the same time Britain and India completed discussions on a

science pact aimed at small and medium-sized Indian firms. In addition, the government's foreign investment committee cleared 58 proposals from Microsoft, Motorola, Siemens, General Electric, BASF, and Nokia, among others. International business and economic magazines and newspapers now highlight India as a hospitable environment for foreign investment.

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THE INSTITUTIONAL IMPERATIVE AND ENRON

As a legacy of its British colonial experience, India acquired not only the English language but a system of government and law that remains broadly consistent with Western practices.

Property rights and contract adjudication, for example, take forms familiar to Western businesses. This common heritage puts India in a favorable position to respond to the institutional imperative. The homogenization of legal and business practices lowers the transaction costs business incur exporting, importing, and completing financial transfers across international boundaries.

Unlike China, India is a participant in the World Trade Organization, the successor to the General Agreement on Tariffs and Trade. When the final Uruguay round of GATT talks was concluded in 1994, it contained provisions that concerned Indians, such as those treating pharmaceutical and seed patent rights. Mild anti-GATT protests were staged in New Delhi but they did not deter the government from accepting the accord and initiating changes in India's outmoded patent laws,

thereby bringing them in line with international practice.

India's central and state governments do not yet have in place well-established procedures to conclude negotiations with foreign investors, or to resolve disputes that may arise. The noisiest contretemps over a large foreign investment project arose in August 1995, when a newly elected government in Maharashtra, India's most industrial state, revoked an agreement with the United States-based Enron Corporation, which had already begun construction of a \$2.8 billion power plant north of Bombay. The 2,015-megawatt facility was intended to help close the large gap between electricity demand and supply in the region. Maharashtra's former Congress Party government, with the strong support of its counterpart in New Delhi, had signed an agreement with Enron, but the state's new chief minister, Manohar Joshi, head of a BJP-led coalition, said its terms were unacceptable. This set off a chain reaction in other states that had active or pending power projects with foreign participation and chilled India's investment climate. By November negotiations with Enron had been reopened on pricing, costs, ownership, and environmental protection. In January 1996 final terms were agreed to, including a 22.5 percent cut in the price per kilowatt hour and a 30 percent ownership stake for Maharashtra's electricity board, which governs the local distribution system.

The Enron affair offers several lessons. India's states are going to become more significant players in soliciting foreign investments, yet they lack experience in negotiating with large multinationals such as Enron, with its \$2 billion in annual sales; setting rules to which all parties adhere will be critical to future successes in obtaining needed infrastructure and technologies. A key element in resolving the Enron dispute was the initial contract, which called for arbitration (in London) in case of a default. By breaking the original agreement the Maharashtra government had exposed itself to a \$200 million liability, an amount it did not have and could not raise.

In fairness to the government, it should be noted that some experts had voiced concerns about the high rates to be charged and the project's cost, and there were plausible grounds for reopening the discussions. This could have been done quietly but political posturing and the opportunity to chide the Congress Party for making a bad deal proved irresistible. At root, Maharashtra state

needed the power to maintain its leadership in Indian industry and finance. Enron presumably saw profit in the project, even as reframed, and wanted a good image in future dealings with India.

Enron executives were remarkably soft-spoken and patient during the dispute, a stance they shared with those at Kentucky Fried Chicken. Two of the chain's restaurants were closed in late 1995 by municipal authorities in Bangalore and New Delhi who claimed, respectively, that the meals contained excessive additives and that the facilities were unsanitary. Quick court decisions overturned these politically motivated charges. At least in these cases, India's judicial system reacted promptly and decisively to correct unjustifiable actions. Compared to China, India is far more advanced at developing and playing by a set of rules, and this fuller accommodation to the institutional imperative will work to India's advantage when international firms compare prospects for investments in the two Asian giants.

EXPANDING BUSINESS SIZE

To a degree not appreciated by all Indians, their economy occupies only a small and not yet influential niche globally. India's involvement in the world's trade and investment flows remains minuscule. Its population of over 900 million accounts for one-seventh the world's people, but the country provides only 0.6 percent of global exports and its share of capital flows is even less. Indian firms and banks are for the most part much smaller than their counterparts in developed economies.

India's largest aluminum producer, HINDALCO, has annual sales of about \$285 million; Alcoa, in contrast, has annual sales of \$13 billion. The total sales of Chrysler (\$52 billion), Exxon (\$111 billion), AT&T (\$80 billion), and General Electric (\$44 billion) exceed India's total national income. Several conclusions follow from these observations. India's economy is still comparatively small, its large population base offset by poverty and low productivity. Its farms, shops, and business firms are likewise undersized. In contrast the large-scale corporation, which is a remarkably effective way to marshal inputs, labor, and machines for production, is underrepresented in India.

Bigger is not always better, but expanding India's economy and increasing the country's participation in global trade and investment flows will require the emergence of much larger private business organizations. This scale imperative will confront a deep-seated antipathy to large firms and

sympathy for small producers. Mahatma Gandhi strongly endorsed handicrafts and domestic production. After independence, the state discriminated in favor of small-scale enterprises, reserving about 900 products for that area and providing favored treatment in terms of government purchases, taxes, and labor regulations. The Monopoly and Restrictive Trade Practices Act of 1969 made it even more difficult for large firms to expand capacity within the already constrictive planning regime.

Put simply, the country's economic development will require that India overcome a popularly ingrained fear of business size and remove statutory hindrances to expansion and mergers. For better or worse, a corporate sector of giant domestic and foreign firms will bring in its train a large infusion of advertising, brand names, and standardization in a country still not fully at ease with such practices.

THE TELECOMMUNICATIONS LINK

Today consumers will simply not be denied access to multiple television channels, telephones, popular music, news, and computer networks. Business transactions are facilitated by cheaper and better means of communication. Especially in a democracy committed to freedom of expression, there is intrinsic merit to opening all media to public access. In India there are 4 television receivers per 100 people, compared to 21 in South Korea and 15 in Malaysia; there are 8 telephone lines per 1,000 people, compared to 357 and 112, respectively. Until recently the Indian government controlled television and radio broadcasting and programming. In early 1995 the Supreme Court overturned that monopoly in deciding a case brought by the Cricket Association of Bengal and the Board of Control for Cricket in India, which had sought a contract with foreign telecasters. The court held that free speech was being obstructed and called for the immediate establishment of a public regulatory authority to oversee wide public access to the media.

Recognizing that government enterprises have failed to provide the country with minimal, much less state-of-the-art, telecommunication services, New Delhi has embarked on a dramatic course. The intent is to eliminate the 8 to 10 years of waiting now required to obtain a telephone line for an office or home. By March 1997 there is to be at least one public telephone for each of India's 600,000 villages; only 200,000 communities are

currently served by at least one telephone line. Domestic and foreign firms will enter markets alongside existing Department of Telecommunications operations; this will help allay union fears of job losses in the state sector. In 1994 the government took steps to establish a telecommunications regulatory system and opened bids on service areas for wired and cellular services. The first round of auctions yielded a potential \$45 billion in fees for the government. AT&T, U.S. West, Nynex, British Telecom, Telekom (Malaysia), and France Telecom were among the international participants.

Unfortunately, the bidding process had an unexpected outcome. A small entrant, Himachal Futuristic Communications Ltd., won the right to provide service in nine regions, most with bids substantially outreaching the next highest. Doubts about the company's financial and technical capacities led to government intervention, limiting any firm to three licenses. Opposition parties in parliament erupted in a firestorm of criticism and leveled accusations of impropriety. The government stood firm, but the muddled situation caused some foreign firms to stay out of a January 1, 1996, round of bidding. Nonetheless, there is no doubt that India is committed to moving toward the telecommunications frontier as soon as possible.

WHAT REMAINS TO BE DONE

As the world's largest democracy takes stock after 50 years of freedom, there remains a long list of matters that will require resolution. In most of these areas advancements will occur not so much by reflexive reactions to compelling international pressures and opportunities but through concerted domestic action via constructive governance.

Despite its strong commitment to socialism, India has made disappointing strides in reducing illiteracy, improving education, and enhancing health. The literacy rate has risen from 18 percent in 1950 to only 50 percent in the 1990s, and girls lag at all levels of schooling. Over 186 million people do not have access to potable water supplies and 644 million do not have sanitary facilities. Life expectancy has climbed from 40 to 61 years during independence, but infant mortality remains high. Although the rate of population growth has been falling and is probably now at or just below 2 percent annually, India's population is expected to reach 1.5 billion or so by the middle of the next century. Reducing the birthrate by improving women's health is a worthy goal. Con-

tinued economic and social progress requires urgent improvement in all these areas.

The nation's infrastructure, especially its roads, is in need of massive investment. Housing and urban amenities have slipped far behind needs. A new delineation of responsibilities between the state governments and New Delhi must be worked out, along with appropriate tax and revenue divisions. A much more industrial and much more urban India will also face more worrisome environmental burdens. Air pollution is already severe in the major cities. Rivers are contaminated by agricultural runoff, industrial wastes, and untreated sewage. Forests and wildlife are under great stress.

In the 1990s India has abandoned or modified many of its economic precepts in reaction to dramatic changes internationally. Pursuing economic

growth and social gains will require further adjustments; mistakes will no doubt be made and corrected. What might we expect in the near future?

Over the next decade or more, the Indian economy will grow at or above 6 percent, with higher rates of industrial and export expansion. The nation's involvements in world trade will widen and increased foreign investment will flow in. The private sector will be especially dynamic. As it redirects its attentions toward infrastructure, education, and other social needs, the government will score measurable gains, although more slowly than many would like. State governments will assume more active roles in economic affairs, including international relationships. Only unexpected political or ethnic turbulence, or an imprudent military adventure, will derail India's economic locomotive. ■

Prime Minister Benazir Bhutto "has become an archetypal establishment figure: leaning further to the right, acting as a spokesperson for the status quo, and becoming increasingly authoritarian as she tries to deal with multiple crises."

Pakistan: Trouble Ahead, Trouble Behind

AHMED RASHID

Benazir Bhutto confronted a host of problems when she began her second term as Pakistani prime minister in October 1993. Decades of military rule and a succession of eight civilian governments since 1988—including one she headed—had failed to cool secessionist fever in some provinces or quell Islamic fundamentalist demands that she convert the country to an Islamic state. Halfway through her five-year term, three of Pakistan's four provinces and its commercial center, Karachi, are increasingly steeped in violence. Disparate Islamic parties have united in their push to topple the state structure. The economy remains in recession, paralyzed by numerous strikes, a rising debt burden, falling revenues, and the government's seeming intransigence in implementing the tough measures required to turn the situation around. As a result, skittish foreign investors are channeling their money to safer havens.

Bhutto, motivated largely by her own instinct for political self-preservation and that of the landowning elite who dominate the government, has failed to implement consistent policies that would dampen tensions erupting on all sides and stabilize the economy. Surrounded by a coterie of feudal politicians who rely on graft and patronage to maintain their political clout, her government has not even begun to tackle long-standing social, economic, and administrative problems.

As a result, the rift between rich and poor is widening, a trend that in turn fuels fundamentalist fervor. The debate over whether the state

should be secular or Islamic has only intensified in the past decade, leaving the country mired in a deep identity crisis, incapable of unifying citizens behind common aims. After 49 years of independence and three constitutions, Bhutto's failure has once again plunged Pakistan into a national debate on its ethos and what political system suits its psyche.

THE TENUOUS TROIKA

Since 1988, power has been divided among the president, the prime minister, and the military. Tensions between the three, however, have led to eight changes of government and three elections. No elected leader has ever completed a full term in office. Bhutto, who was dismissed by the president in August 1990 after only 21 months in office, is the only Pakistani leader to have had a second chance at ruling.

This time around she has had a pliant president in the shape of an old ally, Farooq Leghari, and a military averse to intervention or interference in day-to-day political affairs. Yet even this unique opportunity of a consensus within the so-called ruling troika has failed to push her to introduce reforms. From her former status as a radical, reform-minded opposition leader, Bhutto has become an archetypal establishment figure: leaning further to the right, acting as a spokesperson for the status quo, and becoming increasingly authoritarian as she tries to deal with multiple crises.

Nor has the end of the cold war ushered in new, pragmatic thinking on foreign policy that would make Pakistan less reliant on Western support and allow it to develop closer ties with its immediate neighbors. In the aftermath of the cold war, when many third world ruling elites have been more or less abandoned by their protectors—the United States or the former Soviet Union—Pak-

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istan's elite has yet to come to terms with fending for itself.

The country's relations with India have worsened. It faces unprecedented tensions with Iran over Islamabad's backing of the Taliban movement in Afghanistan, and Kabul in turn has condemned Pakistan for interference. Pakistan's efforts to open land routes for trade to the five Central Asian states have been blocked by the Afghan civil war while China, Pakistan's long-standing ally, has been annoyed by the training of Chinese Muslim extremists by Pakistani religious parties.

Much of Pakistan's intransigence stems from a legacy of rule by a small coterie of perhaps 300 families. Through blood ties, marriage, and business they have dominated the military, the bureaucracy, and the still largely feudal political elite. According to the *Herald* magazine, some 80 percent of the 247 members of the National Assembly are drawn from the feudal landowning class; they pay no income tax but benefit enormously from state patronage in the form of favors, licenses, bank loans, and graft. Since 1988, when the new era of democratic civilian rule began, patronage rather than policies has dictated economic development, politics, and even foreign policy.

Most political analysts and even some politicians now view the feudal political elite as a dying class and believe that the British-style parliamentary system it has favored has no future in Pakistan as long as it is dominated by them. Economists point out that Pakistan's discredited elite can no longer raise the necessary revenues to maintain a state structure in which 81 percent of budgetary allocations go to defense and the repayment of foreign debt.

Since 1993 the country has undergone the deepest economic recession in its history, with high unemployment and inflation (officially set at 13 percent but independent economists and bankers put it at over 25 percent). The economy grew only 4.7 percent between 1994 and 1995, compared to a 30-year average of 6 percent. The country is running chronic budget deficits, although under tough IMF demands Bhutto reduced the deficit from 8 percent two years ago to 5.6 percent last year. The Karachi stock exchange has lost more than 50 percent of its value in the last 18 months, and industrial production in Karachi, which accounts for 60 percent of the country's total, has fallen an estimated 25 percent. Foreign exchange reserves in December

fell to \$1.1 billion, less than half what they were in June 1995.

HOSTAGE TO ANARCHY

Plans to privatize many state-owned businesses have been held hostage to the anarchy plaguing the country and to political infighting between Bhutto and her main rival, former Prime Minister Nawaz Sharif, who heads the opposition Muslim League. Moreover, the feudal elite has been reluctant to offset lost revenue by introducing much needed reforms—such as taxing itself and agriculture. Only 1 percent of the total population pays income tax, and over 100 billion rupees (\$3 billion) borrowed by the feudal elite from the state-run banking system has never been repaid.

Bhutto's promises to reform the judiciary, the bureaucracy, and the police—an institutional framework that has survived from the British Raj—have not materialized. Instead, she has further politicized these institutions by making arbitrary appointments based on favoritism and loyalty. For a price, many police officers and bureaucrats can get the postings, transfers, and promotions they want. Senior bureaucrats admit that there has been a major deterioration in the performance of all state institutions and that morale is low. Corruption is so endemic that Pakistan was recently listed by Transparency International, an international watch group, as the third most corrupt nation in the world after China and Taiwan.

The crisis faced by the elite has further divided its disparate components, rendering it incapable of forming a common front to such challenges as Islamic fundamentalism. Bitter personal rivalries like the nine-year feud between Bhutto and Sharif have paralyzed parliament, and consensus on reforms.

By posing as a political alternative to the feudal elite, Islamic fundamentalists have become a major factor in destabilizing both the military and the political system. "There is a political vacuum in the country and people feel the need to fill it. Both Bhutto and Sharif are incapable of running the country," says Qazi Hussain Ahmed, the chief of the Jamat-e-Islami, the country's leading Islamic party. "The stage is being readied for somebody who is clean, honest, and religious. People will join such a movement," he added. Students at the Islamic madrassas (colleges) that have sprung up across the country argue that Pakistan has tried democracy and martial law, so why not an authoritarian Islamic system?

ISLAM RISING

Western diplomats admit that Pakistan is high on the list of those countries where an Islamic movement and resulting anti-Americanism is possible in the near future unless the country's ruling elite mends its ways. As in other parts of the Muslim world, Pakistan's Islamic movement is being driven more by poor social conditions and a breakdown of law and order than by pure ideology. "The ruling elite has failed to deliver the goods to the people and the end of the cold war has only stripped off that *purdah* (curtain)," Khalid Ahmed, a leading Pakistani liberal writer on Islam, has noted. The growing gap between rich and poor, economic meltdown, massive corruption, and widespread disillusionment with the major political parties are the core issues the fundamentalists use to mobilize support.

The movement picks up young recruits through an ever-widening network of Islamic schools that reach out to the poor. The boom in private Islamic education is largely a result of the failure of the state-run educational system to deliver. Pakistan's literacy rate has barely moved higher than 25 percent since 1947, and no government has ever introduced a mass literacy campaign. Moreover, international aid agencies such as the World Bank say the state-run system is on the verge of collapse, with widespread corruption, nepotism, and absenteeism among teachers and students. In its place there has been a mushrooming of an Islamic educational alternative.

Today there are an estimated 8,000 Islamic schools, colleges, and academies in Pakistan. They educate approximately 2.5 million to 3.5 million students. Invariably, the students that emerge from Islamic institutes are better motivated and more committed than their secular counterparts. Many madrassa graduates take jobs in government, the army, and business, widening the social net from which Islamic militancy can draw.

The North-West Frontier Province (NWFP) has long been a flashpoint for conflict. For the past two years in Malakand, near the Afghanistan border, the government has faced a revolt by Pathan tribesmen demanding Islamic courts and the abrogation of the state's legal system in the area. In May 1994, 20,000 tribesmen staged a major weeklong uprising that was crushed only after thousands of paramilitary troops moved in. More than 100 people were killed. Since then the militants have frequently burned down government buildings, held strikes, and kidnapped officials. There were three

major eruptions of violence during 1995 in which dozens of people were killed.

The unrest in the NWFP also stems from other Pathan tribes whose livelihoods depend on the vast smuggling trade between Afghanistan and Pakistan. These tribes have violently protested recent government restrictions on smuggling and the closure of the border with Afghanistan. On August 12, 1995, at Bara, outside Peshawar, 12 people were killed in shootouts, including 5 paramilitary soldiers. The smugglers, many of whom also trade in heroin and guns, have crippled large sectors of Pakistani industry and created severe shortfalls in state revenue collection by ferrying duty-free consumer goods across the border to Afghanistan, Iran, and the countries of Central Asia.

THE WAGES OF WAR

Islamic fundamentalism, smuggling, and the breakdown of law and order in the NWFP and Baluchistan province are part of the backlash from the 15-year civil war in Afghanistan. From 1980 to 1992 the CIA backed Pakistan in arming and funding extremist Islamic mujahedeen fighting Soviet troops who were propping up the Afghan government. The fighters used Pakistani bases both to fight the Kabul regime and to trade in guns and heroin. The war against Soviet troops and the continuing civil war after 1992, when Kabul fell to the mujahedeen, has spawned dozens of militant Islamic fundamentalist groups in Pakistan. These new groups challenge the more traditional Islamic parties such as the Jamaat-e-Islami, which have taken part in election but never done well in them. These new extremist groups believe in Islamic revolution, not Islamic gradualism.

In Baluchistan, the Pathan-based Jamaat-e-Ullemah Islam (JUI), led by Maulana Fazlur Rehman and allied with Bhutto's Pakistan People's Party (PPP), has spawned the Taliban—the Islamic fundamentalist student movement battling to control Afghanistan. The Taliban has received support from the JUI, and many of its cadres have been educated at JUI madrassas in Baluchistan. The Baluch, who have fought three wars against the federal government since 1947, are deeply antagonized by the predominance of the Pathans in their province. The Pathans are now demanding the division of Baluchistan into two separate provinces, one for themselves, the other for the Baluch. The acute Pathan-Baluch tensions in the province have frequently exploded in violence.

The government's attempts to curb fundamental-

ism and terrorism have been halfhearted, intermittent, and controversial. For many it appears to be prompted more by demands from Washington than by a coherent, self-made national policy. For example, after the killing of United States diplomats in Karachi, the government ordered a ban on the direct financing of Islamic madrassas by foreign countries and an end to military training that students receive in some madrassas. "We will not allow the religious parties to weaponize Pakistan. We will not allow anybody to use their institutions for terrorism. There is no room for militancy in Islam," Bhutto said. However, few officers in the bureaucracy or the police were prepared to challenge the fundamentalists by enforcing these orders.

The bombing of the Egyptian embassy in Islamabad last November 19 by Arab militants based in Pakistan, in which 16 people were killed and 60 wounded, led to another round of Bhutto's anti-fundamentalist rhetoric but little action. It is not just fear that prevents Bhutto from cracking down on Islamic parties but the fact that she depends on some of these same parties for her own political survival. In the National Assembly and the provincial assemblies of the NWFP and Baluchistan, the PPP is allied to the JUI, which has been bitterly opposed to the Jamaat-e-Islami. Bhutto has also treated the extremist Sipah-e-Sahaba (SSP) with kid gloves because she needs its support in the Punjab provincial assembly. The SSP is a militant offshoot of the JUI, and because of its strong Wahabbi beliefs it is lavishly funded by Saudi Arabia.

Western strategic concerns about fundamentalism in Pakistan center on the fact that it is already the epicenter of three civil wars raging around it—in Afghanistan, Tajikistan, and Indian Kashmir. All three wars involve the spread of Islamic fundamentalism and have been clandestinely fueled by Pakistan's Islamic parties and sometimes by the army's Inter-Services Intelligence. These wars could potentially include India, with its Hindu-Muslim tensions; China and Central Asia with their volatile and restless Islamic populations seeking a new identity; Afghanistan with its drugs and weapons culture; and the Middle East.

During the mujahedeen war against the former Soviet intervention in Afghanistan, Pakistan's military ruler, General Muhammad Zia ul-Haq, allowed Pakistani fundamentalists and over 25,000 Muslim militants from 30 countries to

train and fight in Afghanistan. Many of these foreign radicals are now leading Islamic movements in their own countries and also proving to be a major destabilizing factor inside Pakistan. Meanwhile, Pakistani militants who have died fighting in Indian Kashmir, Afghanistan, Bosnia, Tajikistan, Chechnya, the Philippines, and Azerbaijan, are hailed at home as martyrs and heroes of an international jihad.

Many Pakistanis blame Washington, arguing that its lavish funding of the Afghan mujahedeen and support for Zia while turning a blind eye to Zia's wider agenda of Islamicization are responsible for this problem. Liberals and the business elite now see Washington's unqualified support for the Bhutto government as only furthering the fundamentalist agenda. It is the lack of good governance at home, however, that has allowed fundamentalism to flourish, and until this becomes evident the fundamentalists will continue to prosper.

KILLING IN KARACHI

To the south Bhutto's government faces an orgy of violence in the form of ethnic conflict between the Muhajir Qaumi Movement (MQM), a party of Urdu-speaking migrants from India that has been at loggerheads with the local Sindhi population in Sind province and in conflict with the PPP since 1988. A staggering 1,965 people were killed in 1995 and another 130 in the first six weeks of 1996. Since July 1995, when 279 people were killed,

the government has reduced the body count by using armored personnel carriers and heavily armed paramilitary troops to clear out MQM strongholds in the city and by implementing a shoot-to-kill policy. For its part the MQM claims that more than 150 of its supporters have been killed by the police while in custody during 1995—a claim the government denies. Nevertheless, Amnesty International has expressed alarm at "official collusion" with some of the groups responsible for terrorizing Karachi.

The MQM was put together in the mid-1980s by General Zia to counter the PPP's influence in Sind. Since then the hatred between the parties has intensified. Bhutto herself is a Sindhi feudal landlord—a fact that has undoubtedly stalled resolution of the conflict. If she cuts a political deal with the MQM, she risks losing her Sindhi support.

The MQM, which dominates the urban centers of

Corruption is so endemic that Pakistan was recently listed... as the third most corrupt nation in the world after China and Taiwan.

Sind such as Karachi and Hyderabad, is demanding a greater share of political power. Thus the ethnic divide is also an urban-rural divide, with the better educated, more cosmopolitan Muhajirs opposed to the Sindhi feudal landlords who still rule over millions of largely uneducated Sindhi peasants. Karachi has also become a haven for drug traffickers from Afghanistan and northern Pakistan, arms smugglers, Islamic extremists, sectarian groups, and extortion gangs—all adding to the level of violence and the harassment of citizens.

Many believe that one route to solving Karachi's problems are local elections, which would give the MQM a share of power at the urban level. Local urban and rural councils were disbanded in 1993 by interim Prime Minister Moeen Qureshi; since then Bhutto has balked at holding local elections because of fears that the PPP would lose.

Another part of a solution is a national census. Karachi's estimated population of 12 million has doubled since the last census in 1981, and there has been an enormous nationwide shift from rural to urban areas in the last 15 years. A census would lead to a new demarcation of constituencies for seats in the National Assembly and the four provincial assemblies, drastically reducing the rural seats now held by feudal politicians and allowing the nascent urban middle class a better chance to enter politics. Both major political parties have therefore stalled on carrying out a count.

In the meantime, Karachi's administration has virtually collapsed. Bureaucrats rarely venture outside their offices and their morale is abysmal. Morale in the police force is equally low; 222 police officers were killed in 1995. Electricity, telephones, and gas and water supplies frequently break down because of the violence; repair teams refuse to venture out to restore facilities. Corruption has become endemic in all the city's government institutions, especially the police force. Bhutto has made no attempt to clean up the administration or dismiss officials for corruption, torture of prisoners, and other extralegal procedures. Up to one-quarter of Karachi's industry has either shut down or shifted up-country.

Western diplomats and government ministers describe Karachi as anarchic and on the verge of civil war. Most foreign diplomats have evacuated their families and large parts of the city are avoided

by Western diplomats and businessmen since the murder of two United States consular employees and the wounding of a third on March 8, 1995. The killers have still not been found, even though a 50-man team from the United States Federal Bureau of Investigation spent several months in Karachi. The most likely explanation is that it was a reprisal by terrorists close to Ramzi Yousuf, who had been arrested in Islamabad on February 7 and extradited to the United States to stand trial for the bombing of the New York World Trade Center in 1993.

Despite enormous public pressure to negotiate with the MQM, Bhutto refused to do so for the first six months of 1995. "We will not let terrorists make Karachi into a hostage city," she said in June. "There will be no talks at gunpoint." The prime minister accused the MQM of wanting to announce a "declaration of the separation of Karachi from Pakistan."

It is not just fear that prevents Bhutto from cracking down on Islamic parties, but the fact that she depends on some of these same parties for her own political survival.

In fact many MQM militants, urged on by their leader, Altaf Hussain (now in exile in London), advocate a separate Muhajir province and even a separate Muhajir state. This frightens many Pakistanis, who still remember the breakup of the country in 1971 and the creation of Bangladesh.

Bhutto relented in July 1995 and began talks with the MQM. But eleven rounds of talks, punctuated by frequent breakdowns, have failed to yield agreement on a single point. Neither side appears ready to compromise—many believe the government is just buying time so that it can crush the MQM militarily. Bhutto's hard-line has been supported by President Leghari and the military, who now believe that Pakistan's enemies—India and Afghanistan—are backing the MQM. The political impasse in Karachi and the internationalization of the issue is so severe that it is unlikely that the Bhutto government will be able to strike any kind of political deal with the MQM.

REVITALIZING RELATIONS

The Bhutto government has scored a major success by improving relations with Washington. When Bhutto became prime minister in 1993, United States-Pakistan relations were at rock bottom because of the cutoff of all United States aid to Pakistan in 1990 after the United States determined that Pakistan possessed a "nuclear explosive device." The army had even been denied

spare parts for its largely American inventory of sophisticated weaponry, and Pakistan had forfeited the right to take delivery of 28 F-16 fighter's for which it had already paid \$658 million.

Between 1990 and 1995 there were a series of bitter disputes between the two countries over Pakistan's nuclear program, its acquisition of M-11 ballistic missiles from China, and its growing drug trade. In early 1993, Pakistan was on the verge of being added to the United States State Department's list of states that sponsor terrorism because of Islamabad's alleged aid to Kashmiri separatists and Arab extremists. With Bhutto promising a new era of democracy and development, and with the Clinton administration concerned about the loss of leverage in Pakistan—located in a region exploding with tensions and conflicts—both sides saw the need for closer ties.

The two governments worked together to persuade the United States Congress to open a window to Pakistan. By late 1995 the Clinton administration had secured congressional passage of legislation (the Brown amendment) that would permit the delivery of \$368 million in embargoed arms and spare parts. Under the Brown amendment, Pakistan would not receive the F-16s, but the United States was required to sell the planes elsewhere so that the money could be returned to Pakistan. Even more important, the amendment would allow the Pentagon to reestablish links with the Pakistani army, enable Washington to restart aid to Pakistan's antinarcotics campaign, and provide insurance coverage to United States companies wanting to invest in Pakistan. President Bill Clinton signed the Brown amendment legislation on January 25, 1995, making it law. However, within a week a new controversy over the supply of 5,000 ring magnets to Pakistan by China for Pakistan's nuclear program threatened to delay the immediate implementation of the amendment.

American and Pakistani analysts warn that renewed United States support is not sufficient to keep Bhutto in power. She must tackle the problems at home. "Benazir's fate is not likely to be determined by whether or not Pakistan receives this equipment. Her apparent inability to manage internal Pakistani politics is a far greater threat to her political survival," Stephen Cohen, a professor at the University of Illinois, said in testimony before the United States Senate Foreign Relations Committee in September. Cohen said Pakistan's politicians "have used foreign policy [including crude anti-Americanism] and Kashmir as a way of

avoiding domestic economic and social realities. Unless it addresses those domestic issues, Pakistan is unlikely to survive as a state in its present form."

THE MILITARY FACTOR

Pakistan's future stability ultimately depends on the country's weightiest power broker: the army. Since the death of General Zia in 1988 and the end of 10 years of army rule, the military high command has gradually moved away from Zia's Islami-cization policies and its interference in day-to-day domestic politics. But the military's disdain for the political chaos and corruption generated by civilian governments has forced it to intervene twice recently, dismissing Prime Minister Bhutto in 1990 and Prime Minister Nawaz Sharif in 1993. Each time it did so without imposing martial law.

Now that political chaos has worsened, Pakistan's right-wing politicians and some sections of the public are increasingly looking to the military for solutions. The unprecedented praise by politicians, the press, and the public for General Jehangir Karamat's appointment as the new chief of army staff on January 12, 1996, demonstrates the high expectations people still have for the military. Karamat replaced General Abdul Waheed, who did not accept a one-year extension from President Leghari when his three-year tenure expired. Waheed's term, however, is generally viewed as a lackluster one during which tensions multiplied within the military and in the country. General Karamat on the other hand is popular within the army and is known as a professional soldier, a competent administrator, an intellectual, and a liberal. Senior army officers demanded Karamat's appointment, while the public praise he received reflected a desire to see somebody in a position of authority with a solid, clean reputation who is politically unambitious.

Karamat faces perhaps the greatest challenges of any new army chief. Last December, court martial proceedings against four army officers began; the four are accused of attempting to carry out an Islamic fundamentalist coup in September. Six other officers arrested at the time of the coup attempt have become witnesses for the prosecution. The alleged coup plotters reportedly had a list of 700 generals, politicians, journalists, and lawyers they planned to eliminate. The trial, which is being held in camera, is a sensitive issue for the 24,000-strong officer corps, where fundamentalism and disenchantment with political violence and corruption is widespread.

Tensions within the army are further complicated by increasing criticism from international lending agencies, major foreign aid donors, and Pakistani businessmen that the cost of maintaining the military—30 percent of budget expenditure this year—is far too high. Moreover, purchases of new, expensive Western weapons systems by the armed services have been mired in controversy and scandal. Meanwhile, several vital foreign policy areas that the army has always dominated, such as relations with India, Afghanistan, Iran, and the nuclear issue, require difficult decisions.

Fears about a possible Indian nuclear test or the deployment of India's short-range Prithvi missiles on the Pakistan border have led to an unprecedented growth in tension with Pakistan's main rival; at the same time, the six-year-old uprising in Kashmir continues. There is little doubt that if India tests a nuclear device, Pakistan will quickly follow suit, further escalating the arms race in the region and destabilizing the global effort to limit nuclear weapons.

Moreover, with the political elite unwilling to introduce reforms and unable to raise the funds to maintain large military expenditures indefinitely, the army faces a growing structural crisis. No politician or party can carry out major economic and social reforms, reestablish law and order, make peace with India, and cut defense expenditures at the same time. Nor is the army united or strong enough to do so on its own. The military has limited its interference in the political process because it is uncertain of its role in the post-cold war world. Support for Islamic fundamentalism and Islamic causes, along with anti-Americanism, is growing among some officers; other officers are increasingly aware that Pakistan cannot remain stable unless it shows greater internal tolerance, makes peace with its neighbors, and implements structural reforms.

The army's high command dislikes the fact that rather than tackling the many problems Pakistan faces, the principal aim of civilian politicians is to hang on to power at any cost. But the army also knows that if it pressures politicians to change, it will destabilize the entire political system—and the army is reluctant to take power itself. A microcosm of society, the army has yet to make the decisive choice between modernism and fundamentalism and between international involvement and isolationism; above all, it has not chosen whether to make peace with India. How the army will make these choices without direct

political intervention or help establish a viable political leadership without martial law is the dilemma it faces.

FORECASTING FORBEARANCE

Pakistan's survival into the next century depends on a greater devolution of political and economic power from the center to the provinces and cities; the pull of ethnic and sectarian conflict cannot be resolved unless this happens. At the same time, the feudal elite and the two main political parties must be forced to provide room to professionals from the urban middle class and allow a wider representation in the National Assembly from the population.

There is plenty of room for electoral reforms within the present parliamentary system. These could include legislation that would prevent criminals, bank loan defaulters, and non-income tax payers from standing for parliament; a minimum educational level for candidates; and limits on expenditure for election campaigns to encourage participation by the middle class. Above all, an independent election commission appointed by the Supreme Court rather than the government would lower the risks of electoral malpractice.

The election commission should also be empowered to ensure that the government does not pressure the bureaucracy to favor its candidates. In parliament itself legislation is urgently needed to prevent floor crossing—which has been used by every government since 1988 to bribe, cajole, or pressure opposition members to join its side. For the time being, however, there is no sign that these reforms will be implemented and it seems likely that political chaos and the growth of local warlordism will only increase.

Despite this pessimistic forecast, Pakistanis have proved themselves to be extremely resilient. Few people in the world have faced such trauma, bloodshed, and political chaos in only 48 years of history. The partition in 1947, which resulted in the deaths of some 5 million Muslims and Hindus, the 1971 separation and war in East Pakistan that killed another 100,000 people, two wars with India over Kashmir, and bloody conflicts between the center and nationalist movements in Sind, Baluchistan, and the NWFP, would have caused a weaker state to disintegrate and a less courageous people to disappear from the map. Instead, the Pakistani state has remained intact and its people still remarkably hopeful. ■

"Over the long-term, two South Asias are possible. The first is a region with minimal nuclear weapons capabilities that deter war but pose a risk of nuclear accidents and the unauthorized use of nuclear weapons. The second is a nuclear weapons-free subcontinent with an increased likelihood of conventional war but no chance of a nuclear weapons-related disaster. Only Indian and Pakistani leaders can decide which South Asia they would like to inhabit."

South Asia's Nuclear Balance

DEVIN T. HAGERTY

Nuclear arms controllers can reflect with satisfaction on the past decade's achievements. The United States and Russia continue to make deep reductions in their nuclear arsenals. The non-Russian former Soviet republics have renounced nuclear weapons. Two erstwhile holdouts, France and China, have signed the nuclear Non-Proliferation Treaty (NPT), which was extended indefinitely in 1995. Argentina and Brazil have retreated from the nuclear threshold, and South Africa has dismantled its nuclear weapons. Iraq's nuclear ambitions have been squelched yet again, while Pyongyang may have bartered North Korea's away. Israel maintains its limited nuclear deterrent, but a dynamic Middle East peace process bodes well for nuclear stability in the region. There is now a nearly global consensus on the desirability of a Comprehensive Test Ban Treaty (CTBT), and momentum is building for a cutoff in fissile material production. The only region where most arms controllers view prevailing trends unfavorably is South Asia, where the Indo-Pakistani cold war smolders in the shadow of nuclear weapons.

OPACITY WITHOUT APOLOGY

India and Pakistan are *de facto* nuclear powers: each is believed capable of assembling and delivering nuclear weapons in a matter of days. New Delhi probably has sufficient fissile material for 20 or more weapons, while Islamabad's stockpile may be enough for 5 to 10 nuclear devices. Both coun-

tries deploy aircraft that can be modified to drop atomic bombs, and both possess, but have not yet deployed, nuclear-capable ballistic missiles (open sources do not reveal whether either nation has successfully miniaturized nuclear warheads for delivery by missiles). Although the exact nature of India's and Pakistan's nuclear capabilities is shrouded in ambiguity, leaders in both countries have said repeatedly that they consider their adversary to be an unambiguous nuclear weapons state; indeed, the tendency in New Delhi and Islamabad is to vastly overestimate each other's nuclear prowess.

Indian and Pakistani leaders stridently deny that their countries are nuclear weapons states, but they do admit that they can produce nuclear weapons. Each nation derives deterrent security from this "opaque" nuclear posture. As India's two leading nuclear strategists put it in the spring 1995 *Washington Quarterly*, "Rather than embarking on a vigorous program of deploying a large weaponized capability and delivery systems, India has been content to demonstrate capability, put basic infrastructure in place, and leave deterrence implicit and somewhat ambiguous." Similarly, Prime Minister Benazir Bhutto has said that Pakistan's "nuclear program is peaceful. But if the existence of our technology and perceived capability has served as a deterrent to India—as a deterrent to a proven nuclear power that has gone to war against us three times in the last 48 years—I certainly have no apologies to make, not in Islamabad, not in New Delhi, and not in Washington."

Each side seems to appreciate the probable costs of forging ahead with an overt nuclear stance, among them arms-racing instabilities, a drain on scarce resources, and certain international con-

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demnation; however, neither country feels secure enough to reverse its nuclear course. For India and Pakistan, as for all nuclear powers, maintaining the nuclear option is the ultimate insurance policy in an unpredictable international system.

Both New Delhi and Islamabad have refused to sign the NPT. India has championed global nuclear disarmament since the first decade of the nuclear age, steadfastly rejecting the hierarchy of nuclear "haves" and "have-nots" embodied in the NPT. Pakistan also complains that the NPT is discriminatory, but says it will sign the treaty when India does. New Delhi treats Islamabad's posture as a bluff, and it may well be, but India's substantially superior conventional military forces would still give Pakistan reason to maintain a nuclear deterrent even without an Indian nuclear threat.

BETWEEN DETERRENCE AND DISASTER

For most analysts in the United States, the three Indo-Pakistani wars, the festering Kashmir conflict, and India's and Pakistan's small, technologically unsophisticated nuclear weapon capabilities are a recipe for nuclear disaster on the subcontinent. Two aspects of this view stand out. One suggests that the insurgency in Kashmir may escalate to a direct conventional war between India and Pakistan, and Islamabad might then use nuclear weapons to forestall another national humiliation like the Bangladesh war of 1971. The second holds that the purposive use of nuclear weapons is unlikely, but warns that the grinding Kashmir struggle may eventually lead to an inadvertent nuclear war as Indian and Pakistani leaders fall prey to their own worst-case perceptions and the notoriously unreliable estimates of their intelligence agencies.

A dissenting minority of American analysts believes that Indian and Pakistani nuclear weapons capabilities stabilize South Asia by making war less likely. India and Pakistan fought three wars in their first 24 years of independence, but

have not fought in the last 24. In the immediate aftermath of the 1971 Bangladesh war, New Delhi carried out a nuclear test and Islamabad began to pursue its own military nuclear option. Since then the two countries have increasingly perceived one another to be nuclear weapons states. Moreover, nuclear-capable India and Pakistan have weathered several serious crises during the last decade, including one over Kashmir in which it appears that both sides were deterred from aggression by the prospect of a direct military encounter escalating to the nuclear level.¹

While nuclear weapons seem to act as a deterrent in South Asia, no deterrent balance is impervious to breakdown. If we place India and Pakistan on a spectrum of stability, with nuclear war on one end and nuclear deterrence on the other, where are the two countries positioned today and what can be done to help them contain the dangers inherent in any nuclear arms competition?

The least likely scenario for South Asia's strategic future is a major, premeditated military attack by one side. At the nuclear level, the opportunity for an Indian preventive strike against Pakistani nuclear facilities has long passed. Preemptive nuclear strikes are also extremely unlikely, since neither side can be confident that it could definitely destroy all the opponent's nuclear weapon potential in a first strike; failing to do so means that heavily populated areas on the attacker's own territory would be subject to nuclear devastation.² This "first-strike uncertainty" bolsters mutual deterrence.

At the conventional level, a full-blown invasion across established borders is also difficult to imagine. Islamabad knows that it would lose any conventional war it started. While India could surely defeat Pakistan in a ground war, it would in the process have to worry about the serious possibility of a last-resort Pakistani nuclear reprisal. No political objective would be worth the risk of such an outcome. At the unconventional level, the chance of war is still remote, but less so. India could launch military strikes across the "Line of Actual Control" in Kashmir, whether to interdict supplies, destroy militant sanctuaries, or simply warn Pakistan that India's tolerance had run out.

New Delhi has paid a substantial price for its counterinsurgency campaign in Kashmir. Judging by recent press reports, the guerrilla war is tying down over half a million Indian army and paramilitary troops, and between 15,000 and 20,000 people have died in the fighting. Furthermore, India's

¹See Devin T. Hagerty, "Nuclear Deterrence in South Asia: The 1990 Indo-Pakistani Crisis," *International Security*, vol. 20, no. 3 (Winter 1995-1996).

²In the idiom of strategic studies, a preventive strike is an attack launched by a stronger country against its weaker adversary to prevent that adversary from narrowing the power gap and perhaps challenging the stronger state in the future. A preemptive strike is an attack carried out by either side because it believes that war is imminent, and wants to get in the first blow so as to preempt a devastating surprise attack by the opponent.

international image has taken a severe beating over Kashmir in the last five years; human rights organizations have documented an array of excesses by Indian troops, such as rapes, looting, and torture. The Kashmir war also hampers any Indian government striving to uphold the secular principles on which the state was founded, because the steady stream of sensational headlines concerning the rising death toll gives right-wing extremists compelling arguments about the need for a purely Hindu nation-state.

Balanced against these incentives to lash out at Pakistan is the overriding disincentive provided by Islamabad's nuclear muscle. This is best illustrated by comparing New Delhi's restraint since 1990 with its more aggressive behavior in South Asia's pre-nuclear era. In 1965, Pakistani support for rebellion in Indian-held Kashmir was met by Indian counterattacks aimed at insurgent supply and assembly points in the Pakistani part of the disputed territory. New Delhi has thus far refrained from a similar strategy in the 1990s, at least in part because of the possibility that any major military engagement could end in a nuclear exchange. Still, in the unlikely event that deterrence were to fail in South Asia, this would be the most probable scenario.

A related danger American analysts often cite is inadvertent nuclear war. This is the idea that during a future crisis India and Pakistan might stumble into a war that neither side actually wants. From this perspective, miscalculation of the adversary's intentions by one or both sides might lead inexorably to a shooting war. As the fighting progressed, both sides might ready nuclear weapons for last-resort use. At this point all bets would be off and a nuclear war would become a distinct possibility. Fortunately, this logic does not hold up to sustained scrutiny. None of the three Indo-Pakistani wars began inadvertently; indeed, all the major international wars since World War II have been premeditated. It is even less likely that two nuclear powers would stumble into an inadvertent war, given the additional margin of caution induced by nuclear weapons.

Another possibility—and the main nuclear danger in South Asia today—involves nuclear acci-

dents and the unauthorized use of nuclear weapons or material, perhaps by terrorists. While there is no evidence that either country has suffered nuclear security lapses, there is no guarantee that this record will stand indefinitely. As Gregory Giles has noted, "any one of a number of shocks (e.g., fire, unintentional drops, or stray electrical charges) can directly or indirectly detonate the high explosive sphere surrounding a weapon's fissile core. Depending on the weapon's design, this could lead. . . to a full nuclear detonation."³ However, it is generally believed that India and Pakistan do not maintain assembled nuclear weapons, thus creating a buffer against nuclear accidents and unauthorized nuclear use.

A final issue concerns the strategic impact of nuclear-capable ballistic missiles, which India and/or Pakistan may soon deploy. Missile deployments would add a degree of instability to the South Asian nuclear arms competition. The exist-

ing deterrent standoff is an aircraft-borne balance of terror in which New Delhi and Islamabad implicitly threaten to inflict massive damage on each other's cities. Absent ballistic missiles, there is little prospect of either side carrying out preemptive attacks against the other's nuclear forces since bomber delivery is inaccurate and vulnerable to interception. Although first-strike uncertainty would still be a daunting deterrent, deploying reasonably accurate invulnerable missiles would increase the likelihood of India and Pakistan adopting

preemptive nuclear doctrines in the future. In South Asia, the current pre-missile threshold is itself an arms control measure; once it is breached, the result may be unrestrained arms racing, with unpredictable consequences.

THE UNITED STATES: TACTICS BUT NO STRATEGY

Complicating the issue of nuclear weapons in South Asia is a thicket of American nonproliferation laws that affects Pakistan but not India. During the 1980s, the United States waived some of its nonproliferation laws in order to extend security and economic assistance to Pakistan, then a "front-line state" in the struggle against the Soviet occupation of Afghanistan. To do so, the president was required under the 1985 Pressler amendment (named after Republican Senator Larry Pressler of South Dakota) to certify annually that Pakistan

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³Gregory F. Giles, "Safeguarding the Undeclared Nuclear Arsenals," *Washington Quarterly*, vol. 16, no. 2 (Spring 1993), p. 173.

does not "possess a nuclear explosive device." Presidents Ronald Reagan and George Bush made the requisite certification every year until 1990, when the Bush administration concluded that Pakistan had violated the "possession" standard during a crisis with India that spring; as a result of this finding, American assistance to Pakistan was terminated.

The invocation of the Pressler amendment precipitated a wave of continuing anti-Americanism in Pakistan. From cabinet ministers to taxi drivers, Pakistanis rail against the injustice of a law that they feel punishes Islamabad for its nuclear program while letting New Delhi off scot-free. Pakistanis feel aggrieved for several reasons, some justified and some not. In the first place, they believe they were "used." From their perspective, Washington kept the aid flowing as long as Pakistan was fighting the good fight in Afghanistan, but closed the tap after the Red Army retreated across the Amu Darya in 1989.

But this is sour grapes. No senior American or Pakistani policymaker in the 1980s (least of all Pakistani President Muhammad Zia ul-Haq) was under any illusion that the alliance was more than a simple marriage of convenience. Islamabad would be a conduit for various types of aid to the Afghan resistance in exchange for an American overhaul of its conventional military forces. Indeed, the Pressler amendment was originally a compromise intended to stave off the passage of more stringent nonproliferation legislation that would have effectively ended American aid to Pakistan in 1985. As such it was supported by Pakistani diplomats in Washington, which lends a hollow ring to Islamabad's retrospective outrage.

Islamabad is, however, justified in its discontent over the festering F-16 flap. During the Afghan war, Pakistan received 40 of these advanced fighter-bombers from the United States, and in the late 1980s it ordered another batch of the planes. Although Pakistan has paid \$650 million for 28 of the aircraft, they have yet to be delivered because of the 1990 aid cutoff. To make matters worse, Washington cannot refund Islamabad's money, which went directly to the manufacturer of the aircraft.

For the last few years, Pakistan has worked to restore its security links with the United States by claiming that it has "frozen" its nuclear program.

At a minimum, Pakistani officials hope to recoup their losses so that they can purchase sophisticated fighter-bombers from another supplier, perhaps France.

The Clinton administration accepts the logic of Islamabad's outrage over the Pressler amendment. On his return from a trip to South Asia in early 1995, Secretary of Defense William Perry said that "the weakening of Pakistan's conventional forces which resulted from this amendment has led Pakistan's leaders to conclude that the nuclear capability is even more important to maintaining security." The amendment, Perry said, was a "blunt instrument" that had diminished rather than increased Washington's influence in Islamabad.

Encouraged by this opening, Bhutto firmly reiterated her government's position during an April 1995 visit to Washington. Pakistani and Clinton administration lobbying finally bore fruit last October, when Congress approved the transfer of \$368 million in military equipment and spare parts purchased by Islamabad but not delivered because of the aid cutoff. Conspicuously absent from this one-time waiver of the Pressler amendment are Islamabad's 28 F-16s, but the administration is trying to find a buyer for the aircraft so Pakistan's money can be returned.

The Pressler waiver—known as the Brown amendment after its chief congressional backer, Republican Senator Hank Brown of Colorado—continues a disturbing post-cold war pattern in which American policy toward South Asia appears to be all tactics and no strategy. The Brown amendment's costs outweigh its benefits. In the short term the waiver improves Pakistani-American relations, which have been poisoned for five years by the Pressler-mandated aid cutoff. Also on the "plus" side, Bhutto's domestic political standing will improve temporarily as she demonstrates to the Pakistani army that her popularity in Washington serves its interests. In the long term, though, the Brown amendment may create false hopes in Pakistan of an ongoing military supply relationship with the United States that is clearly not in the offing. Recent press reports suggest that the United States transfer of arms to Pakistan authorized by the Brown amendment may be postponed because of new evidence of Pakistani nuclear purchases from China. If this happens, Pakistani civil-military relations could again deteriorate.

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Passage of the Brown amendment has also antagonized Indian leaders, who view the Pressler amendment as a firebreak against a rearmed Pakistan. The American aid suspension has allowed New Delhi to plow scarce resources into economic reform rather than weapons purchases. Indian claims that the arms deal will upset the regional military balance defy logic, but the pending transfer has given Indian hawks ammunition to attack the government for its "ineptitude" in protecting India's strategic interests. Thus, the Brown amendment's main effect may be to inhibit Indian concessions on nuclear and ballistic missile proliferation.

OUTLINING AN AMERICAN ROLE

In devising policies to help contain South Asia's nuclear dangers, American officials should bear several points in mind. First, India and Pakistan are not nuclear outlaws. As sovereign states they have the right to pursue whatever military capabilities they believe are necessary to ensure their security. Islamabad and New Delhi are also entitled not to sign treaties that they view as detrimental to their national interests. Israel deploys nuclear weapons and is not an NPT signatory, yet barely a word of protest is heard from Washington. For that matter, what distinguishes India and Pakistan from France, a country with sophisticated nuclear forces that refused until only recently to sign the NPT?

Second, India and Pakistan derive deterrent security from their nuclear capabilities, and are as unlikely to give them up as were Washington and Moscow at the height of the cold war. There is an unfortunate tendency in American foreign policy circles to equate the end of the cold war with a generally more benign international order. American officials should remember that South Asia's cold war is as intense as ever, and that New Delhi and Islamabad cannot base their national security decisions on an intangible "global" trend that may actually have made their own defense problems more challenging, not less.

Third, American policymakers should recognize and help to build on the arms control measures that have already evolved between India and Pakistan, some formally but most tacitly. The list is impressive: an agreement not to attack each other's nuclear installations; no deployments of operational nuclear weapons; no deployments of nuclear-capable ballistic missiles; no nuclear testing since India's 1974 blast; no transfers of nuclear weapon technology to other states; and,

so far as is known, no development of strategies that make it easier to conceive of using nuclear weapons.

Given this record (which stands in stark contrast to the deployment of tens of thousands of nuclear warheads, bombers flying on 24-hour alert status, and the nuclear safety lapses that characterized the superpower arms race), American arguments that the South Asian nuclear balance is unlikely to be as stable as the United States-Soviet standoff are understandably seen as tendentious by Indian and Pakistani analysts.

In terms of specific policies, Washington's overall goal should be to help stabilize the subcontinent's nuclear status quo by maintaining regional nuclear deterrence and preventing nuclear accidents and unauthorized nuclear use. As a crisis stability measure, American officials should continue to press India and Pakistan not to deploy nuclear-capable ballistic missiles. Although they are unlikely to renounce ballistic missiles entirely, neither has rushed into deploying this qualitatively different technology.

One solution Islamabad and New Delhi might find attractive is a progressive moratorium on missile deployments. Both sides would agree to an initial delay of perhaps three years, thereby formalizing policies they have already chosen themselves. Missile testing might still be allowed during this period. The United States could help to verify a missile moratorium, thereby easing each side's fear of being surprised by the other. Assuming that both countries find this arrangement reassuring, it could then be extended, perhaps with an additional agreement not to test the missiles. Eventually, Indian and Pakistani officials might conclude that their nuclear arms competition is more stable in the absence of ballistic missile deployments.

Islamabad and New Delhi should also be encouraged to continue their apparent practice of not maintaining assembled nuclear weapons; this tacit threshold is a superb crisis stability and nuclear security measure. Beyond that, a discreet diffusion of unclassified nuclear safety information may also be desirable. This could be done through official contacts or unofficial meetings of strategic elites.

Offering India and Pakistan actual nuclear security devices would be unwise; doing so might erode an equally effective safety mechanism, weapon nonassembly. New Delhi and Islamabad are believed to keep their nuclear weapons

nonassembled in part for security reasons. Offering them nuclear safety devices could inadvertently push them to abandon this mechanism by making the assembly of nuclear weapons seem less risky.

Finally, American policymakers should work to scrap the Pressler amendment, a cold war anachronism. On the books for a decade, this amendment has failed to achieve its purpose. Repealing this law would neutralize Islamabad's charge that the United States discriminates against Pakistan while imposing no nuclear restraints against India (and Israel). This would level the policy playing field, easing Washington's strained relations with Islamabad and perhaps allowing more progress in the areas discussed earlier. In addition, contrary to the claims of its proponents—on Capitol Hill and in

New Delhi—discarding the Pressler amendment will not erode American firebreaks against arms racing in South Asia. Resuming American military aid to Pakistan would still require waiving preexisting laws intended to stem the general spread of nuclear weapons, an unlikely proposition given the antiproliferation climate in Washington.

Over the long term, two South Asias are possible. The first is a region with minimal nuclear weapons capabilities that deter war but pose a risk of nuclear accidents and the unauthorized use of nuclear weapons. The second is a nuclear weapons-free subcontinent with an increased likelihood of conventional war but no chance of a nuclear weapons-related disaster. Only Indian and Pakistani leaders can decide which South Asia they would like to inhabit. ■

"The Kashmir conflict not only remains very much alive but is, in fact, in greater need than ever of settlement. . . Progress of any kind is unlikely unless [India and Pakistan] are prepared to relinquish—publicly and formally—the most extravagant, unrealistic, and bellicose portions of their claims" to the region.

The Kashmir Conflict

ROBERT G. WIRSING

The conflict between India and Pakistan over possession of the state of Jammu and Kashmir will soon reach its fiftieth anniversary. During this half-century Kashmir has figured in three major international wars—two between India and Pakistan in 1947-1949 and 1965, and one between India and China in 1962. It has been the subject of protracted boundary negotiations between India and Pakistan, and between India and China, and a constant source of low-level violence within Kashmir and on its borders. It is also one of the UN's oldest peacekeeping missions, and has been the subject of extensive, though unsuccessful, multilateral diplomacy.

Kashmir has been an extremely contentious issue in the domestic politics of India and Pakistan, and it has been a thorny problem for both countries in their relations with the rest of the world. Moreover, the popular uprising that erupted in the state in 1989 presents India with perhaps the most difficult challenge yet to its democratic and secular political order.

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On the surface the Kashmir conflict does not appear to warrant extensive world attention. A place of legendary beauty, Kashmir lies in the northernmost corner of the South Asian subcontinent. While it is geographically large (approximately 85,000 square miles), its population, especially when measured against that of the rest of the subcontinent, is tiny. That part of Kashmir controlled by India (roughly 45 percent, with Pakistan controlling about 35 percent and China 20 percent) had an estimated 1991 population of 8 million—about 0.7 percent of the total population of India, Pakistan, and Bangladesh (the territory of the former British Indian Empire).¹ But in the last seven years the Kashmir conflict has taken on a far more menacing character than these figures might imply.

A COLONIAL LEGACY

The conflict between India and Pakistan over Kashmir began in 1947. It came in the wake of the British government's reluctant decision to transfer power over its soon-to-be independent Indian colony to two separate states—one, India, predominantly Hindu, the other, Pakistan, predominantly Muslim. The British partitioned the territory mainly on the basis of the principal of communal majority—contiguous Muslim-majority areas were assigned to Pakistan, and contiguous non-Muslim (Hindu and Sikh) majority areas were assigned to India. This partitioning did not apply to the vast areas occupied by the 565 so-called princely states, such as Kashmir, that had enjoyed semiautonomous status under the British during the colonial era. These princely entities, although technically recovering independence with Britain's "lapse of paramountcy" on August 15, 1947, were in fact pressured by Britain's last viceroy in India,

¹The state of Jammu and Kashmir is an amalgam of peoples of diverse ethnolinguistic and religious background who were combined into a single princely state by the British in the nineteenth century. Indian-controlled Kashmir today consists of three main divisions: The Kashmir Valley, Jammu, and Ladakh. The Kashmir Valley is overwhelmingly Muslim, Jammu is mainly Hindu, and Ladakh is mainly Buddhist. The Pakistan-controlled sector is divided into two parts, Azad (Free) Kashmir and the Northern Areas. The Chinese control the Aksai Chin region in northeastern Ladakh.

Lord Louis Mountbatten, to accede by that date to India or Pakistan.

As the process of integrating the princely states unfolded, there were only three major holdouts: Hyderabad, Junagadh, and Kashmir. Two, Hyderabad and Junagadh, were forcibly integrated into the Indian Union within months of independence by the new Congress Party-led government of Prime Minister Jawaharlal Nehru. In the case of Kashmir, however, its ruler's attempt to hold out for independence precipitated a violent struggle between India and Pakistan over accession. An invasion of Kashmir by Pakistan-backed Pathan tribesmen in October 1947 prompted the frightened ruler of the state, Maharaja Sir Hari Singh, to accede to India. By a quirk of history, Singh was a Hindu in a largely Muslim state; though he was officially entitled to make the decision on accession on behalf of his subjects, his failure to do so on the basis of their religious identity disappointed the Pakistanis, whose leader, Muhammad Ali Jinnah, promptly charged India with masterminding a conspiracy to deprive Pakistan of its "natural" territorial inheritance.

The Kashmir conflict has since impeded the establishment of friendly relations between India and Pakistan. During the 1970s and 1980s, and especially in the latter decade when Pakistan's attention was diverted from Kashmir by major difficulties on its northwestern border arising from Soviet intervention in Afghanistan, the Kashmir conflict was put on the region's back burner. The "temporary" territorial arrangement achieved by the earlier wars had seemingly hardened into a permanent, if grudging, acceptance of the status quo on all sides. Events in the 1990s, including a major uprising against Indian rule by the Kashmiri Muslims, have upset this complacent view and serve as a reminder that the Kashmir conflict not only remains very much alive but is, in fact, in greater need than ever of settlement.

ESCALATING MILITARY TENSIONS

The Kashmir conflict has not been among the twentieth century's most destructive regional conflicts. The wars India and Pakistan have fought over it were short-lived, not especially bloody, and ended in cease-fires with neither side able to claim

victory. In contrast, most reports of the Kashmiri Muslim uprising, now in its seventh year, place the death toll at over 20,000. Of course, when measured against Bosnia, Rwanda, Sudan, and many other similar contemporary cases, even that figure doesn't seem terribly frightful.

But unlike most of these other cases, the Kashmir conflict militarily engages three of the most populous and heavily armed states on the planet. The three, China, India, and Pakistan, ranked first, third, and twelfth respectively in military expenditure in 1990; and first, second, and seventh in the number of troops among all developing countries in 1991. Between 1988 and 1992, India ranked first and Pakistan seventh among major arms importers in the developing world; and between 1950 and 1985, India ranked first among indigenous arms producers in the developing world, accounting for 31 percent of the total.² China, India, and Pakistan are also among the world's eight known nuclear-weapons or nuclear-weapons threshold states.

India and China have not fought each other since 1962. The recent measures they have taken to avoid military clashes along their long international border—including plans to delimit the Line of Actual Control (LAC) that divides their troops in the Aksai Chin region of Ladakh in northeastern Kashmir—are clearly steps in the right direction.

Unfortunately, India and Pakistan have been extremely reluctant to move in the same direction. For 12 years they have engaged in open combat in the Karakoram Mountains over possession of the Siachen Glacier. This 1,000-square-mile area of cathedral peaks and icy wilderness, dubbed by journalists "the world's loftiest battleground," lies at the northern end of the 500-mile-long Line of Control (LOC) that divides the Indian from the Pakistani-controlled sector of Kashmir. Apart from costing thousands of lives and billions of dollars, the Kashmir conflict has inflicted significant damage on the Siachen Glacier's pristine mountain environment.

More worrisome than the fighting over Siachen, which at least has the virtue of taking place in an extremely remote area, has been the breakdown of the cease-fire on the LOC, the 1972 successor to the cease-fire line agreed on by Pakistan and India at the conclusion of their first war in 1949. The disengagement of forces envisioned in the original cease-fire has long since been abandoned, replaced in recent years by crossborder mortar, sniper, and heavy artillery firing, the constancy of which

²Remy Herrera, *Statistics on Military Expenditure in Developing Countries: Concepts, Methodological Problems and Sources* (Paris: Organization for Economic Cooperation and Development, 1994), appendices 2, 6, 7.1, and 8.1.

makes a complete mockery of the LOC's function. The evidence is overwhelming that armed conflict—and not just minor skirmishing—is now a routine feature of India-Pakistan relations in the disputed area of Kashmir.

With generally fewer than 40 officers, the small UN peacekeeping detachment in Kashmir (the UN Military Observer Group in India and Pakistan, or UNMOGIP) cannot even begin to investigate the thousands of violations of the LOC perpetrated by both sides, much less monitor the military movements and installations of the two armies in its vicinity. Regular Indian army troops deployed in Kashmir probably number more than 200,000, and their activities can no longer be scrutinized by the peacekeepers since India unilaterally barred UNMOGIP from carrying out its mandated functions on the Indian side of the LOC in 1972. In practical terms, UN peacekeeping in Kashmir exists in name only.

One other sign of the LOC's dwindling ability to act as a pacifying instrument in Kashmir is the now routine passage of Kashmiri militants across the LOC. Labeled "antinational elements" by the Indians and widely regarded in India as no more than terrorists, the militants have long found refuge, arms, and other forms of support on the Pakistani side of the LOC. While Indian news reports last November that "1995 has seen the highest number of trained militants coming into the [Kashmir] Valley from across the border, and even conservative estimates put the figure at 1,000 a month" are probably overstated, there has undoubtedly been a large influx.

The ranks of Kashmir's homegrown militants are being augmented, moreover, by fighters from Afghanistan, Pakistan, and other Muslim countries rallying to the cry of jihad in Kashmir. Citing intelligence estimates, India's premier newsmagazine, *India Today*, reported in September 1995 that at least 1,600 foreign Islamic militants had crossed the border into Kashmir during the summer of 1995 to fight on the side of the Kashmiri Muslim insurgents. Foreign collaboration on this scale does not pose a major military threat to Indian

forces, but it does promise to help sustain the insurgency.

While the nuclear alarm has perhaps been rung for South Asia with more frequency (and with fewer ascertained facts) than the situation actually warrants, it is still important to note that escalating hostilities in Kashmir are taking place in a region containing two nuclear, or at least nuclear-weapons capable, powers. The extent to which these two powers came close to war during military exercises by India in late 1986 and early 1987, and then again during an especially tense period in 1990, is a matter of considerable controversy.³ What is clear, however, is that South Asia's military dangers are proliferating and growing deeper.

DEMOCRACY'S DISINTEGRATION AND THE COMMUNAL DIVIDE

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Whether dwelling on the Indian side of the LOC or in Azad (Free) Kashmir, the Pakistani-controlled portion of the state, Kashmiris can point to few elections since 1947 that can be called free and fair. On both sides wholesale rigging has been the standard from the beginning. Neither India nor Pakistan has considered the denial of political rights or the imposition of corrupt governance on Kashmiris too great a price to pay for national security.

This dismal political record has recently been augmented, especially in Indian-controlled Kashmir, by a no less dismal record of human rights abuses that include torture, assassination, custodial deaths, and prolonged detention without trial or charges. The Indian security forces have been prominently implicated in these abuses, but they are clearly not the only participants in this conflict with unclean hands. The circumstances of insurgency and counterinsurgency are such, moreover, that these abuses are unlikely to be terminated until the conflict is resolved.

The continued abuse of human rights will also fundamentally damage the political systems in which such incidents occur. Political scientists are already issuing warnings about the "crisis of governance" and the political "deinstitutionalization" let loose in South Asia in recent decades, and they routinely point out the potential for the complete destruction of political democracy in the region. The Kashmir conflict is, without doubt, exacerbating these trends.

³See for example Kanti P. Bajpai et al., *Brasstacks and Beyond: Perception and Management of Crisis in South Asia* (New Delhi: Manohar, 1995); and Michael Krepon and Mishi Faruquee, eds., *Conflict Prevention and Confidence-Building Measures in South Asia: The 1990 Crisis* (Washington, D.C.: The Henry L. Stimson Center, Occasional Paper no. 17, April 1994).

An even more frightening political impact is the conflict's polarizing effect on the subcontinent's Muslim and Hindu religious communities.

Because the Kashmir conflict pits, at the international level, mainly Muslim Pakistan against mainly Hindu India, and, at the domestic level, mainly Muslim Kashmiris against mainly Hindu security forces, it encourages a popular understanding cast overwhelmingly in religious and communal terms. In greatest immediate danger here, of course, is India's huge Muslim minority of about 110 million (12 percent of India's population). This group has long been hostage to the Kashmir conflict; today it seems under greater suspicion than ever of "divided loyalties" and potential for "fifth column" activity in the event of renewed war with Pakistan. The persistent appeal of Islamic militancy in Pakistan, and the recent electoral rise of Hindu nationalism in India, only underscore the Kashmir conflict's capacity to incite South Asians to greater political extremism.

THE KASHMIR LINCHPIN

The South Asian Association of Regional Cooperation (SAARC) formally commits India and Pakistan, along with the region's five other states (Bangladesh, Sri Lanka, Nepal, Bhutan, and the Maldives), to the promotion of regional economic, technical, and cultural cooperation. Since its founding in 1985, it has registered a number of significant agreements. One of the most recent—and possibly the most important—was the November 1995 signing, by all seven countries, of the South Asian Preferential Trading Arrangement (SAPTA), which calls for an immediate reduction in tariff barriers and the eventual creation of a free trade zone. But when measured against most other regional organizations of its kind, SAARC's record of achievement is far from luminous.

Clearly one of the major reasons for SAARC's lackluster performance is the fierce rivalry between India and Pakistan over Kashmir. That rivalry infects every aspect of their relationship, including their willingness to allow their athletes to participate in international sports matches. It has also led them to engage relentlessly in acts of sabotage, espionage, diplomatic one-upmanship, and saber rattling.

Indian and Pakistani objectives outside South Asia are also hostage to the Kashmir conflict. Indian aspirations to gain permanent membership on the UN Security Council, for example, or for

inclusion as full member of the Association of Southeast Asian Nations (ASEAN), partly depend on New Delhi's ability to persuade the world that it can keep its house in order—and, of equal importance, that it can do so without violating international human rights norms. By the same token, Pakistan's global agenda, which includes the desire to be recognized as a willing and able contributor to UN peacekeeping missions around the world, is hardly supported by its neighbor's constant accusation that it routinely sponsors acts of terrorism in Kashmir.

THE PRICE OF NONSETTLEMENT

Launching talks on Kashmir will not produce an immediate or massive "peace dividend" for Indians and Pakistanis. Converting defense expenditures into social and economic investments is neither a simple nor a certain affair. Even if talks between India and Pakistan resulted in a settlement of some kind, that alone—in the unruly strategic environment in which they are located—would not eliminate the requirement for strong militaries.

There is no question, however, that the Kashmir conflict requires both sides, especially India, to maintain extremely large numbers of security forces in Kashmir for border defense and internal policing. Nor is there any question that maintaining these forces at combat readiness is extremely costly. Of greater importance is that Kashmir inspires an across-the-board enmity between India and Pakistan that results in a far more intense arms rivalry than would otherwise be the case.

Pakistan, which is the smaller and economically weaker of the pair, has been especially hard hit by the strained relations. Sustaining anything resembling arms parity with India has forced it to spend roughly twice the percentage of its gross national product on defense that India does. This has meant in recent years that the Pakistani treasury, once central revenue receipts for defense expenditures and debt servicing have been set aside, has had little left for social and economic development.

A few statistics should give some idea of just how much both countries pay in lost education and health alone. Nearly 50 years after winning independence, 65 percent of adult Pakistanis and 52 percent of adult Indians remain illiterate; 40 percent of Pakistani children under the age of 5 and 63 percent of Indian children in the same age group are malnourished. These are startling fig-

ures, even for low-income countries, and add a powerful moral dimension to the material reasons for these two societies to get under way with serious talks on the Kashmir conflict.

WHAT MILITARY CONFLICT WOULDN'T SOLVE

India's overwhelming military power would seem to assure the ultimate success of its armed forces in Kashmir; they have certainly never been seriously challenged there. A recent study notes that as of January 1995, Indian security forces had suffered 400 regular army plus 500 paramilitary troops killed.⁴ These figures, spread over the first six years of the uprising (1989–1994), yield an annual average of about 150 killed. From that perspective, the Kashmir conflict is clearly a low-intensity conflict. Fighting has tended to be "hit and run," with no reports of prolonged ground combat and with the resistance forces relying thus far entirely on light weapons.

Throughout much of Kashmir, especially in rural areas, Indian forces have already prevailed over the resistance, at least in a strictly military sense. But they cannot control the region fully unless they can seal the border against outside assistance—which, as a technical project, has so far been deemed impossible.

In the meantime, it is clear that the Indian government, despite its apparently strong wish to do so, cannot declare the uprising over and then set elections for the state assembly. Elections would no doubt be welcomed by many, perhaps even most Kashmiris. It would certainly be welcomed by the 150,000–200,000 Hindu Kashmiris (called *pandits*) who were driven from their ancestral homes in the Kashmir Valley in the earlier days of the uprising in what has justifiably been described as "ethnic cleansing." But there are enough determined Muslim opponents of elections to make a mockery of New Delhi's plans. The government may, of course, stage elections in Kashmir, or at least in parts of it, under extraordinary precautions and with limited participation by Kashmiri Muslims. But it is hard to see what this would accomplish. It would not bring peace, or anything resembling genuine self-rule, back to

the Kashmir Valley. For that, a political solution is needed.

FINDING A SOLUTION

Talks between India and the Kashmiri rebels need to acknowledge, at a minimum, the legitimacy of Kashmiri Muslim claims to greater cultural and political autonomy than they now possess. In deciding how much autonomy should be allowed, three prior agreements struck between Indian and Kashmiri leaders can be used as models. The first, the Instrument of Accession, was agreed to by the governments of Prime Minister Nehru and Maharaja Hari Singh in 1947. It provided for the provisional accession of Kashmir to India. In securing it India acquired formal but temporary control over Kashmir's foreign affairs, defense, and communications. The question of Kashmir's ultimate status was to be decided in an internationally supervised plebiscite. The provisional nature of accession implied that Kashmir retained strong autonomy. This model, since it includes the provision of plebiscite and possible accession to Pakistan, is extremely unlikely to be chosen by India.

The second accord, the Delhi Agreement, was reached between Nehru and Kashmiri leader Sheikh Abdullah in 1952. It reaffirmed and reinforced the unique status and special rights granted to Kashmir in Article 370 of the 1950 Indian constitution. In particular, New Delhi conceded in this agreement that the question of Kashmir's ultimate status was to be decided by the Kashmir constituent assembly. Accession to India was thus implicitly subject to legislative review. The agreement implied fairly strong autonomy for Kashmir. New Delhi can be counted on to strongly resist anything resembling this model.

The third, the Kashmir Accord, was struck between Prime Minister Indira Gandhi and Sheikh Abdullah in 1975. This agreement made accession to India final. Article 370 was reaffirmed, but in a much weakened form. The formal installation of central parliamentary oversight powers in Kashmir was agreed. The Kashmir Accord implied weak autonomy for Kashmir. New Delhi's most likely preference is a variation on this accord—in other words, something more cosmetic and symbolic than substantive. It will get a very cold reception from Kashmiris.

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⁴Paula R. Newberg, *Double Betrayal: Repression and Insurgency in Kashmir* (Washington, D.C.: Carnegie Endowment for International Peace, 1995), p. 27.

Only the 1952 Delhi Agreement comes anywhere near the kind of compromise that might conceivably be achieved today. Too much has transpired in the more than two decades since the 1975 Kashmir Accord was signed for any of its agreements to be reinstated intact. They are useful starting points, however, and none should be dismissed outright.

Talks between India and Pakistan should be aimed strictly at breaking the current deadlock. This is necessary to induce both sides to pull back from their military brinkmanship and to restore a genuine cease-fire. No grand settlement of the Kashmir conflict is likely at the moment and none should be attempted.

But progress of any kind is unlikely unless both sides are prepared to relinquish—publicly and formally—the most extravagant, unrealistic, and bellicose portions of their claims to Kashmir. For India this means dropping its claim to the Pakistani-held sector of Kashmir (Azad Kashmir and

the Northern Areas). For Pakistan it means jettisoning its insistence on a plebiscite limited to a bifold choice between accession to India or to Pakistan. The Indian government long ago made plain its willingness to rest content with the conversion of the LOC into a permanent international boundary. For its part the Pakistani government has occasionally hinted that it is willing to entertain a trifold plebiscitary plan, one that would grant the Kashmiris the opportunity to choose what they seem to want anyway—a Kashmir independent of both India and Pakistan.

Over the course of what might well be prolonged and difficult negotiations, the complexities of the Kashmir conflict are likely to keep each side from getting all, or even most, of what it wants. But if India and Pakistan cannot take these two steps, neither of which entails any real material costs, then it is likely that, saddled with unending conflict, they will get even less of what they want. ■

"Many Tamils want to believe President Kumaratunga's calls for peace. However, the discrepancies between her rhetoric and what has actually occurred during her time in office are beginning to show. She has increased defense spending to an unprecedented level and launched the largest military campaign in the country's history. Even so, Kumaratunga insists she is fighting a war she does not want."

Sri Lanka's Ethnic Divide

KALPANA ISAAC

Sri Lanka remains crippled by a war it can ill afford. December 1995 saw the Sri Lankan armed forces launch the largest military operation in the history of the country's long ethnic conflict. Its objective was to reestablish government control over the northern city of Jaffna, which had been under the control of the Liberation Tigers of Tamil Eelam (LTTE) for almost five years. The following month the Tamil Tigers replied in characteristic style, setting off a massive explosion in the capital city of Colombo that destroyed the country's central bank and killed more than 80 people.

The recapture of Jaffna in December was a psychological boost for the armed forces, but in human terms it has cost the government dearly. Official statistics put the death toll at around 500 soldiers killed and over 1,000 wounded, and more than 1,500 Tamil Tigers killed and hundreds more injured. The LTTE has disputed the government's figures. Accurate figures for civilian casualties are much harder to come by, but they can be safely estimated to run into the hundreds. In addition to losses on the battlefield, up to half a million civilians have been displaced. These are the residents of Jaffna and surrounding areas who fled the government offensive. The LTTE made a strategic decision to force civilians to leave Jaffna when it knew it could not hold it. The Tamil Tigers wanted to prove that the government could take control of the land but not the people.

Inheriting a ghost town may have made the military's task easier; one of the reservations expressed by most military commanders about going into Jaffna and taking control by force was the anticipated loss of human life in a densely populated area. But the heavy shelling of Jaffna and the displacement of such a large number of people has not endeared the government to the Tamil population.

Monsoon rains, which began just after the fighting started, made the lot of the refugees sheltering under open skies and in makeshift shelters that much harder. Reports from the refugees, who are now in rebel-controlled territory in other parts of the Jaffna Peninsula or on the northern mainland, reveal that the LTTE gave them two hours to evacuate their homes and told them firmly that they should make no attempt to return to Jaffna.

The government, operating in a vacuum, has been unable to set up civilian administration quickly in the region. While government sources claim that the government is moving rapidly to reestablish civilian rule, the test of its success will be the return of substantial numbers of refugees to Jaffna. For the foreseeable future, Tamil civilians will continue to be political pawns caught in an unpleasant game.

The latest military offensive has also cost the government dearly in economic terms. Defense spending, which rose to 32 billion rupees (\$600 million) in 1995, will rise even further, to 41 billion rupees (\$775 million) in 1996 or about 5 percent of GDP. It is the main obstacle to development, diverting money from much needed programs elsewhere. At the same time, the tourist industry, one of the country's major sources of foreign exchange, has taken a beating because of the war.

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Some of Colombo's main hotels and office buildings were damaged in January's bomb blast, which was clearly aimed at de-stabilizing the economy and discouraging foreign investment.

ROUTING THE TIGERS

While these facts are important, they are nearly overshadowed by the long-term impact of the military campaign on the peace process—a process essential to the country's stability and economic growth.

Military planners argued that the offensive against Jaffna was a political and military necessity, since peace negotiations between the government and the LTTE had already come to a grinding halt. The government's main objective was to prove that the de facto separate state the Tamil Tigers had established in the Jaffna Peninsula was not impregnable, and that the LTTE was not an invincible military force. This was appealing because it would crush the LTTE's image and boost the morale of the Sri Lankan armed forces. The government was also concerned that after the cease-fire had been signed on January 5, 1995, the LTTE had gained some political credibility with the international community because of the existence of a de facto state.

It was, however, the LTTE that broke the cease-fire in April 1995. After that most foreign governments, including the United States, gave tacit support to Colombo's military plans while urging that civilians be protected. India's position was especially important. New Delhi has long been concerned about the implications of a separate state of Eelam and its potential impact on the 60 million Tamils in the south Indian state of Tamil Nadu. This time India chose not to act, a decision that was looked on with favor by Colombo after the activist role that India played in the Sri Lankan ethnic conflict in the 1980s.

Given a relatively free hand from abroad, military strategists seized their chance. They hoped that if the LTTE could not prevent the fall of Jaffna—its spiritual heartland—the Tamil population as a whole would lose faith in the guerrilla organization. This, they argued, would reduce the number of potential recruits and the guerrillas' expatriate support, both critical to the LTTE's survival.

A secondary objective for the government was to destroy the Tamil Tiger's internal revenue base. It has long been alleged that expatriate contributions, smuggling, and other activities have been the main source of funding for the LTTE's large and

sophisticated war machine. However, after visiting Jaffna during the cease-fire, many military strategists realized that the incipient Tamil state was itself a much larger revenue base. It had a dense population and a thriving economy, and they hoped its sudden loss would seriously deprive the LTTE of revenue.

The mass exodus of the Jaffna population to other areas of guerrilla-controlled territory has diminished the effect of that financial loss. Nevertheless, the LTTE has been forced to relinquish control of Jaffna, which is a significant setback for the rebels. It had been the heart of the parallel civil administration it ran in the north of the country and the only major urban area under its control.

POLITICAL GOALS AND THE LOGIC OF WAR

The government has regained some important territory, but it will have to struggle to regain the confidence of ordinary Jaffna civilians. They had briefly been given hope by the election of Chandrika Kumaratunga, first as prime minister in August 1994 and then as president of Sri Lanka later that year. The first team of government negotiators who traveled to Jaffna in September 1994 were given a rapturous welcome by the civilian population. This was a far greater threat to the LTTE than anything previous governments had done. The people of Jaffna wanted peace, and by turning up in large numbers to greet the negotiators they were giving Kumaratunga the same mandate for peace that she had already secured in the rest of the country.

War, however, has a different logic. Having seen the destruction caused by the conflict, it is not difficult to imagine that the civilian population in Jaffna must have lost a good deal of confidence in their president. The LTTE propaganda machine is busy taking advantage of these feelings of anger and despair. In a message to mark his organization's Martyr's Day in November 1995, the Tamil Tigers leader, Vellupillai Prabhakaran, argued that "the strategic objective of this war is to annihilate the national identity of the Tamils by destroying their life and property and their land and resources." The LTTE gains strength when the people of Jaffna are forced to become dependent on the guerrilla organization for their survival. The rights and wrongs of the situation, and the fact that it was the Tamil Tigers who started the war again, are lost in the struggle for survival.

Many Tamils want to believe President Kumaratunga's calls for peace. However, the dis-

crepancies between her rhetoric and what has actually occurred during her time in office are beginning to show. She has increased defense spending to an unprecedented level and launched the largest military campaign in the country's history. Even so, Kumaratunga insists she is fighting a war she does not want.

In an interview the president gave Colombo's *Sunday Observer* on November 26, 1995, Kumaratunga said, "The majority of our people have clearly indicated that they understood that success in war does not mean that we have succeeded in overcoming the overall problem. Success in war means the military defeat of the LTTE. But success in war will not bring permanent peace until there is a political solution to the problems of the Tamil people. There must be a definite political solution if we are to definitely have peace."

It is difficult to quarrel with this sentiment. What remains to be seen is whether Kumaratunga has the political will to realize her vision. Has she in fact convinced the majority of the Sinhalese population that substantial political devolution is the only means to achieve a lasting peace? The package of proposals released by her government on January 16, 1996, is an attempt to persuade the Sinhalese that devolution is the only way to bring to an end the ethnic conflict that has dogged the country since independence nearly 50 years ago.

THE ROOTS OF CONFLICT

Chandrika Bandaranaike Kumaratunga is part of Sri Lanka's most famous political dynasty. She is the daughter of two prime ministers, and her family history is intertwined in the country's postindependence ethnic problems. Her mother, Sirimavo Bandaranaike, became the world's first woman prime minister in 1960 (she has since become prime minister again in her daughter's cabinet). Kumaratunga's father, S. W. R. D. Bandaranaike, had a profound effect on the early stages of the ethnic conflict. He upset the country's minorities in 1956 by replacing English with Sinhala as the official national language, but he also made an effort to solve the ethnic issue by presenting a political devolution package. He was assassinated while still in office by a Sinhalese Buddhist monk opposed to devolution.

This was not the only personal tragedy in Chandrika Kumaratunga's life. Her husband, Vijay, a

popular film star turned politician, was gunned down at the entrance to their home in Colombo in 1988. Kumaratunga left Sri Lanka after her husband's death and stayed out of politics for several years. On her return to the island she fought with her brother to gain control of the Sri Lanka Freedom Party, the leading component of the opposition People's Alliance (PA). On a platform of peace and political renewal, she led the left-leaning PA to victory in the general election on August 16, 1994.

In the presidential election three months later, Kumaratunga received 4.7 million votes—62 percent of the total votes cast. It was the highest percentage ever polled by any party or leader in Sri Lanka's history. Returns from the polls show that people from all the main ethnic groups—the Sinhalese (which comprise 73.9 percent of the population), Tamils (18.2 percent), and Muslims (7 percent)—had voted for her. By winning the election she brought a decisive end to the rule of the United National Party (UNP), which had been in power for 17 years.

Kumaratunga had made three main campaign pledges: to end the ethnic conflict that has claimed more than 50,000 lives; to abolish the existing system of government based on a strong executive presidency and return to a parliamentary system of government; and to eliminate the abuses of political power by the government.

The executive presidential system was introduced by J. R. Jayawardena in 1978. With the extensive powers he enjoyed under the new system, President Jayawardena liberalized the economy, and from 1978 to 1983 Sri Lanka enjoyed a period of rapid economic growth; international financial institutions pointed to it as a model for development. However, the Sri Lankan state had also become increasingly ethnocentric and culturally exclusive. Efforts by the ethnic minorities to obtain redress by civil protest led to police repression.

The anti-Tamil riots of July 1983, sparked by the killing of 13 Sinhalese soldiers in Jaffna, began a spiral of violence that has not stopped. Over the next decade, no government seemed willing to fully address the root cause of the ethnic violence or to work out a solution that would bring a lasting peace. Many short-term measures were adopted but they did little to improve the situation.

In the early 1990s the UNP, which was being criticized by its opponents for widespread corruption

The stage has been set for another long period of sporadic guerrilla war.

and political abuses, was severely weakened by a series of assassinations. President Ranasinghe Premadasa was killed in May 1993, and the party's presidential candidate, Gamini Disanayake, was murdered during the November 1994 election campaign. Both assassinations were carried out by suicide bombers believed to be members of the LTTE.

Disanayake's wife, Srimala, replaced him as the UNP's presidential nominee, but after so much killing and bloodshed, Kumaratunga stood out as the candidate who offered the people a pledge to restore peace. She gave hope to Sri Lankans from all communities, declaring in her victory speech: "The verdict of our people in the recent [presidential] election leaves me in no doubt of the depth and intensity of their desire and commitment to peace. This must be, however, peace with honor for both parties to the conflict, if it is to be strong and durable."

DAWN AND DESPAIR

The beginning of 1995 appeared to be a new dawn for Sri Lanka after a long period of bleakness and despair. After two rounds of talks between their designated representatives, President Kumaratunga and LTTE leader Prabhakaran signed a "Declaration of Cessation of Hostilities" on January 5, with a promise to negotiate a comprehensive peace agreement.

The mood of optimism did not last long. The Tamil Tigers were adamant that plans for economic reconstruction in the areas they controlled should move forward, even while there was no progress in the discussions on substantive political issues. Since the causes of Sri Lanka's ethnic conflict are basically political, and their resolution a prerequisite for peace, the Tamil Tigers' focus on economic reconstruction seemed unreasonable.

The LTTE also demanded that the government lift its economic embargo and dismantle the strategic army camp at Pooneryn on the northern mainland. The guerrillas, who had previously insisted on talks without preconditions, were now laying down conditions of their own. The two parties adjourned their third round of talks with no date fixed for the fourth.

The cessation of hostilities lasted little more than a hundred days. The LTTE resumed its attacks on April 29, 1995, claiming that the government had never been serious about peace. It seems that President Kumaratunga miscalculated by delaying the release of her detailed peace proposals, which

she said had been ready as early as December 1994. The first draft of the peace package was not publicly released until the following August. By that time the cease-fire had broken down and hostilities had resumed.

The government would have been better served by releasing its proposals in the window of opportunity opened by the cessation of hostilities. Had it done so, Tamil civilians might have been able to bring some pressure to bear on the LTTE to negotiate seriously on the basis of those proposals.

Past experience suggests that the Tamil Tigers will negotiate a package for peace under political pressure, but not under military pressure. The rebel movement retains considerable support among Tamils in the northern and eastern parts of the country, both through coercion and because the government—especially the armed forces—is so strongly distrusted. The LTTE, which has always been more coherent in war than in peace, cannot afford to alienate that support completely. Politics is its weakness. The best way for any government to put long-term pressure on the LTTE is to appeal directly to the Tamil population, and to offer a viable political alternative. The Kumaratunga government's move may prove to be too little too late.

The LTTE has sworn not to return to the negotiating table until the armed forces are out of Jaffna. For its part, the government says it will not resume negotiations until its own conditions are met, including at least a symbolic laying down of arms. The stage has been set for another long period of sporadic guerrilla war.

AN "INDISSOLUBLE UNION"?

The legal text of the government's proposals on the devolution of power was finally released this January. It proposes that Sri Lanka become an "indissoluble union of regions." Each region would have considerable jurisdiction over economic development, education, and the use of land. Regional councils would negotiate directly with foreign governments for aid and investment, and would have some control over law and order.

Overall these quasi-federal proposals, though significant, give less power to the devolved units than might have been expected. The government argues that it may not be an ideal package, but it is the only one that has a chance of being approved by the necessary two-thirds majority in parliament, after examination and modification by a select committee. Even with parliament's approval,

it must be ratified by a national referendum before it can become law.

Three clauses in the constitutional package may jeopardize the peace process it seeks to promote. The number of regions to be created and the demarcation of their boundaries has been left in the hands of the parliamentary select committee. This method has failed in the past, with Tamil and Sinhalese politicians disagreeing about the key question of whether the current northern and eastern provinces should be merged into a single region.

The merger of the north and east has always been one of the basic demands of both the LTTE and the parliamentary Tamil parties. They regard the north and east as their "traditional homeland." The Sinhalese majority opposes the merger with equal passion, pointing out that while the population of the northern province is almost exclusively Tamil, the eastern province is now populated by roughly equal numbers of Tamils, Muslims, and Sinhalese.

State-sponsored Sinhalese colonization schemes over the course of several decades in the eastern province have made this one of the most politicized and intractable issues facing the country. One possible solution would be to abandon the old colonial provincial boundaries altogether and devise a new system from scratch. Finding a compromise that will satisfy all parties, however, will be a formidable task. Kumaratunga herself should take the lead on this issue, rather than passing it on to the select committee.

The constitutional proposals also give the president the power to dissolve any regional council if the president believes that the regional council is promoting armed rebellion or engaging in an intentional violation of the constitution. While this seems reasonable on paper, it leaves the door open for abuse of political power by the center. The test of a constitution is in its ability to govern the actions of all leaders, even those who would try to misuse it.

Finally, the new constitution retains a clause that gives Buddhism the "foremost place" in society and calls on the state to protect the religion's privileged status. This particular clause was first

introduced into the Sri Lankan constitution by the president's mother in 1972. Over the years it has led to the politicization of the religion and enabled the Buddhist clergy to build a powerful political power base. Many Tamils, almost none of whom are Buddhists, had hoped for a constitutional change that would have made Sri Lanka a secular state like neighboring India.

The military offensive to recapture Jaffna played a role in modifying the constitutional proposals. The initial draft, in August 1995, did not guarantee that the union of regions would be indissoluble, nor did it give the president authority to dissolve regional councils. The devolution package was modified to appease Sinhalese opinion after nationalists campaigned against the proposals on the grounds that they were the first steps toward the eventual breakup of the country. This sentiment hardened after the military offensive against Jaffna. Some politicians, including members of the president's own party, still see no reason to devolve power at all, especially after a military victory.

A DECISIVE MOMENT

Despite these reservations, the current proposals form one of the most serious attempts to solve Sri Lanka's postindependence ethnic crisis. The Tamil parties in parliament will probably go along with the package since they have few alternatives and little real influence on the current course of events. The LTTE, which still controls large parts of the north and east, is a different matter. The rebel movement has already rejected the first draft of the proposals outright, pointing to the lack of an automatic merger of the north and east.

This year will reveal whether President Kumaratunga remains determined to make a serious effort to push her constitutional proposals through. She faces a parliamentary struggle in the south, and she will need the support of a significant part of the opposition UNP to succeed. Even if she summons the political strength to implement her proposals, the military situation on the ground in the north remains extremely fluid. Kumaratunga will have to do much more to bring a genuine and lasting peace to the country. ■

"The February 15 election was hardly a true measure of the support of the people for the various parties. The opposition, with the exception of a few very small parties, boycotted the poll. . . . Bangladesh has thus returned to the situation in 1988, when [President] Ershad held an election that was boycotted by the opposition and an unrepresentative parliament was installed. . . . The opposition has threatened constant strikes against the new government. Bangladesh will, no doubt, be swept up in turmoil for some time to come."

Bangladesh: Can Democracy Survive?

CRAIG BAXTER

In 1990 two opposition leaders, generally opposed to each other as well as to the government of President Hussain Muhammad Ershad, joined together to force the resignation of Ershad and restore democracy. Five years later the two leaders, Prime Minister Begum Khaleda Zia of the Bangladesh Nationalist Party (BNP) and Sheikh Hasina Wajid of the Awami League, were on a collision course that puts the prospects for democracy in Bangladesh in doubt. The collision came on February 15, 1996, when Begum Zia's party won an almost uncontested election to parliament after Sheikh Hasina's party and other opposition groups boycotted the poll.¹

The two leaders and their parties agreed to cooperate in order to depose Ershad, set up a caretaker government, and hold free and fair parliamentary elections. They differed, however, on what should follow. Prime Minister Begum Zia and the BNP wanted to retain the presidential system of government initiated by Mujib in 1975 and con-

tinued by military leaders Zia and Ershad (it was even said that Begum Zia wanted the Ershad system without Ershad). Sheikh Hasina and the Awami League wanted a return to parliamentary government, although it was her father who had ended that system.

The two parties opposed each other in the 1991 election and each received about 32 percent of the vote. The BNP, however, won the largest number of parliamentary seats, 140 of the 300 directly contested. The Awami League trailed with 88.

Even though Ershad had been forced to resign as president and was jailed (and even though before the election there had been talk of barring the party from the poll) his Jatiya Party won 35 seats. Other than demanding Ershad's release from jail, the Jatiya Party's platform differed little from that of the BNP. The Jamaat-i-Islam won 18 seats. The Jamaat wants to transform Bangladesh into an Islamic state in which sharia (Islamic law) would be imposed—and under which the two women who led the major parties might be disbarred from holding political office.

The election did not give the BNP a majority. But there were 30 women members to be elected indirectly by the parliament (the allocation of additional seats for women is a carryover from Pakistan, where it was assumed that women were unlikely to win in the general election). Women could also contest the directly elected seats, which Begum Zia and Sheikh Hasina did successfully. The BNP and the Jamaat agreed to support each other and were able to sweep the women's election, with the BNP winning 28 of the seats and the

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¹Prime Minister Begum Zia, the head of the BNP, is the widow of Ziaur Rahman ("Zia"), who was the key leader of the country from 1975 until his assassination in 1981. Sheikh Hasina Wajid, the head of the Awami League, is the daughter of Sheikh Mujibur Rahman ("Mujib"), who led Bangladesh to independence from Pakistan in 1971, served as prime minister from 1972 to January 1975, and then as president until his assassination in August 1975.

Jamaat the other 2. This gave the BNP an absolute majority of 168 of 330 seats.²

Begum Zia was sworn in as prime minister on March 20, 1991. Her cabinet included several ministers who had served in her husband's cabinet, along with retired civil servants and military officers. The constitution permitted 10 percent of the ministers to be drawn from outside parliament—a clause often referred to as the “technocrat” provision—which Zia used to make several appointments.

THE SHIFT TO A PARLIAMENTARY SYSTEM

While the BNP officially favored the continuation of the presidential system, support for this was far from unanimous in the party. Many cabinet ministers preferred a parliamentary system under which the president would have powers that were principally ceremonial. But it was the close popular vote in the 1991 election that shifted BNP opinion on this issue. If votes obtained by allies of the Awami League in seats the Awami League left open (that is, did not contest) are added to the Awami League total, the Awami League outpolled the BNP in the election. This made it more likely that the BNP would lose a presidential contest, since some or all of the opposition parties might agree on a single candidate to oppose the BNP candidate, Begum Zia. A split government would, in the Bangladesh context, pose a much greater problem than a similar arrangement in France did during the last years of François Mitterrand's presidency; the opposition's tolerance level is very low in Bangladesh.

The BNP decided that a parliamentary system was the better course. Both the BNP and the Awami League proposed constitutional amendments to change the system. Because a two-thirds vote is needed to amend the constitution, the BNP could not force its version on the parliament. Compromise, a rare commodity in Bangladesh, was necessary.

A parliamentary commission made up of members of the major parties met and managed to reach an agreement on amending the constitution. One key sticking point was the continuation of the rule that 10 percent of the cabinet could be appointed from outside parliament, a point the Awami League finally accepted.

Parliament passed the compromise amendment on August 6, 1991, and Bangladesh returned to a parliamentary system. Begum Zia was sworn in again as prime minister under the new system on September 19.

On October 8, the parliamentary speaker, Abdur Rahman Biswas, was elected president by parliament for a five-year term. Even this created some controversy. Begum Zia apparently feared that some BNP members might vote against Biswas if a secret ballot were held. She arranged for a presidential ordinance to be issued by the acting president, Shahabuddin Ahmed, that allowed the vote to be held publicly. There were no defectors under this method of voting.

The amendment to change the form of government was the first and last compromise in parliament. The compromise had raised the hope that there would be cooperation between the government and the opposition, but this was not to be. The BNP used its majority to push through every bill the government proposed. The opposition often walked out of parliament when it felt that its views were not being listened to, much less considered. At the same time, whatever agreement there had been between the BNP and the Jamaat quickly evaporated. The BNP was willing to accept the Jamaat votes in the women's election, but it was firmly opposed to the Jamaat's Islamization plans.

RELIGIOUS AND POLITICAL UNRAVELING

In 1993 communal violence between Muslims and Hindus in what is now Bangladesh broke out for the first time since 1964. The fighting stemmed from the destruction of the Babri Masjid mosque at Ayodhya in India in December by groups associated with the Hindu nationalist Bharatiya Janata Party. The violence was confined mainly to Dhaka and Chittagong, and was soon controlled by the police. The Jamaat denied any involvement; smaller, violent Islamic groups were found responsible.

A Bangladeshi novelist and physician, Taslima Nasreen, further aroused the anger of the extremist Islamic groups when she wrote a novel, *Shame*, criticizing the actions of Muslims against Hindus in the post-Babri Masjid period. The extremists said that this and other actions by Nasreen, including a newspaper interview in Calcutta, were blasphemous, and they demanded her death. Fearing for her life she left Bangladesh—perhaps with the connivance of the government—and arrived in Sweden on August 10, 1994.

²Although the Jamaat was opposed to women holding high office, it was not opposed to women being represented.

On January 30, 1994, the BNP suffered a setback in city corporation elections when the party lost the mayoral contests in both Dhaka and Chittagong to the Awami League, although it won in Khulna and Rajshahi. The loss of Dhaka was especially galling since the BNP had won all 13 seats from Dhaka district (of which the city is the major part) in the 1991 parliamentary election, even defeating Sheikh Hasina in the contest for one of those seats. There was also a substantial drop in the popular vote from the 1991 election.³

On March 20, 1994, a by-election for a parliamentary seat in the district of Magura was held. The seat had been held by the Awami League, but the BNP was declared the winner. The Awami League cried foul, claiming that the voting had been rigged. The BNP denied the charge and its stand was upheld by the Election Commission. A senior civil servant who was involved in the matter told this writer that the only violation of election rules came when some members of the Awami League refused to vacate a government rest house. In his view, the Awami League had simply chosen the wrong candidate. There has been no solid proof that vote-rigging took place. Whatever may be the case, the charge led to a series of demands by the opposition that seriously endangered the 1996 election.

Another event that rocked the political scene in 1994 was the Golam Azam case. Azam was allegedly guilty of war crimes and actions resulting in the deaths of many who favored an independent Bangladesh in the 1971 war. After the war he fled to Pakistan. He then returned to Bangladesh and became the leader of the Jamaat.

The charges against Azam were pursued using two strategies. One was to demand that he be tried for the alleged war crimes. Awami Leaguers were among those who made this demand. Azam was placed under arrest but a formal trial was never held. He has since been released from jail, but a group of citizens did convene a trial—which, of course, had no legal standing—and “convicted” him. His claim to Bangladeshi citizenship was also challenged. The government charged that in fleeing Bangladesh and taking up residence in Pakistan, Azam had lost his Bangladeshi citizenship.

The case went to the Supreme Court, which ruled on June 22, 1994, that Azam was a Bangladeshi citizen as defined in the constitution because he had been born in territory that had since become Bangladesh.

The Awami League continued its protests over the alleged election fraud in Magura, joined by the Jatiya Party and the Jamaat, along with several other much smaller parties, in what is surely a strange alliance. Ershad's Jatiya Party is not a natural ally of the Awami League—the league had played a major role in ousting Ershad and demanding his arrest and trial for various crimes. And the Jamaat had just pursued the Golam Azam case, in which the Awami League was opposed to the Jamaat. The only bond among the parties is their strong opposition to Begum Zia and the BNP.

THE SEEDS OF DISTRUST

A parliamentary government requires a certain level of respect, consideration, and cooperation between the government and the opposition, and this includes consultation between the prime minister and the leader of the opposition. This was seen once since the 1991 election: when the BNP and the Awami League compromised on the change from a presidential system to a parliamentary system. After this the BNP used its majority to pass legislation with little or no discussion with the opposition on or off the house floor.

But if the BNP majority failed to fulfill the parliamentary ideal of taking into account the objections of the opposition, those parties forming the opposition have done no better in acting as a “loyal opposition” that respects the government of the day. When the opposition demanded that the government resign before the 1996 election, it was clear that the ingredients necessary for a functioning government were not present in the Bangladeshi parliament.

The opposition's demand that the government resign before the 1996 election became specific, with the time period set at 90 days prior to the election. In that 90-day period the administration would be in the hands of a “neutral caretaker government” whose primary purpose would be to conduct the poll. The opposition made it clear that the record of Magura as they saw it disqualified the BNP government from conducting the election since it could not be trusted to do so in a free and fair manner.

*“Our
politicians
think only
about power,
about their
own greed.”*

³See Nizam U. Ahmed, “Party Politics in Bangladesh's Local Government,” *Asian Survey*, vol. 35, no. 11 (November 1995).

The demand soon became non-negotiable. Sheikh Hasina said several times that she would meet the prime minister only after the demand had been accepted; of course, then there would be little left to talk about. The demand statements themselves were sketches about what form the caretaker government would take.

On May 5, 1994, the opposition began a boycott of parliament to support its demand. Prime Minister Zia said she would resign from her post 30 days before the election. As one foreign visitor, a former speaker of the British House of Commons, noted, a compromise on 60 days ought to have been easy to make, but the opposition's demand remained non-negotiable.

The opposition began a series of demonstrations and *hartals* (general strikes) that disrupted the economy and left the government and the opposition no closer to an agreement. On December 28 the opposition resigned en masse from parliament. This may have been a foolish move; if a compromise had been reached it would most likely have required a constitutional amendment that could only be passed by a two-thirds majority of parliament.

The speaker refused to accept the resignations on the flimsy ground that he had not received individual letters of resignation from each resigning member. However, absenting oneself from parliament can lead to disqualification if the absence, without excuse, lasts for 90 sitting days. On June 20, 1995, the opposition seats were declared vacant. A constitutional amendment was no longer possible.

THE CONSTITUTIONAL IMPASSE

The government continues to argue that the opposition's demand is not in accord with the constitution; but neither was the setting up of a caretaker government in 1990 fully within constitutional parameters.

The constitution requires by-elections for vacated seats to be held within 90 days of the vacancy. Thus, the by-elections for the resigned seats in parliament should have been held by September 18. But another clause provides that in case of emergency this period may be extended by another 90 days. Flooding in northern Bangladesh provided such an emergency and a new date was set for December.

It was clear that the opposition would not contest the by-elections. An uncontested election would be a farce, so the prime minister asked the

president to dissolve parliament, which he did on November 24. This solved the by-election problem but did not settle the general election impasse.

Throughout this period, foreign emissaries made many attempts to help solve the deadlock between the government and the opposition. The Commonwealth of Nations sent its secretary general and a former governor general of Australia to help. Western ambassadors in Dhaka tried to persuade the two parties to reach a compromise so that a free and fair election could be held within the time limit prescribed by the constitution. None of these efforts have been successful.

The Election Commission set February 15 as the date for the general election. The election had already been postponed twice because of opposition complaint that it did not have time to select its candidates (this itself was a strange complaint, since the opposition insisted that it would not take part in the election unless its original demand for the BNP government's resignation was met). In addition, the election date fell during the Muslim holy month of Ramadan, hardly a good time to campaign or vote.

The February 15 election was hardly a true measure of the support of the people for the various parties. The opposition, with the exception of a few very small parties, boycotted the poll. Unsurprisingly, the BNP most of parliament's 300 seats. Bangladesh has thus returned to the situation in 1988, when Ershad held an election that was boycotted by the opposition and an unrepresentative parliament was installed. The 1996 parliament will be as representative. The opposition has threatened constant strikes against the new government. Bangladesh will, no doubt, be swept up in turmoil for some time to come.

THE ECONOMY: "A MORE HOPEFUL STORY"

The BNP government's performance in the economic field has been quite good. Annual GDP growth has been about 5 percent, with recent growth in the industrial sector hovering around 15 percent. The privatization program, begun slowly under Zia and accelerated under Ershad, has continued, although the number of state-owned enterprises turned over to the private sector remains small.

Investment capital is not abundant. Labor unions also are concerned about unemployment because private owners are not likely to keep

redundant workers on the payroll. The government has tried to meet the demands of the International Monetary Fund in matters such as reducing the budget deficit, lowering tariffs, freeing foreign exchange, and improving the collection of taxes. The inflation rate has been reduced to a manageable rate of 7 to 8 percent. Attempts to attract foreign direct investment continue, but a shortage of natural, human, and financial resources in Bangladesh make this a questionable project. More, but still insufficient funds have been devoted to education, health delivery, and population planning.

In writing about the economy of Bangladesh, the December 25, 1995, *Economist* noted that even with the many reports of poverty in Bangladesh, there is "a more hopeful story." It pointed out that many participating in the country's economic expansion are women, and many of them are employed in the garment industry. "Bangladesh is now one of Asia's more open economies with import tariffs averaging 26% and no industrial licensing controls."

A THING OF THE PAST

The cooperation in 1990 between the BNP and the Awami League in the ouster of Ershad is clearly a thing of the past. The hostility between the government and the opposition and between the leaders of each has jeopardized Bangladesh's democracy. One of the leading commentators in Bangladesh, Mizanur Rahman Shelley, said in the October 24, 1995, *Independent* (Dhaka) that, "The lack of a worldwide civil society... is why people of struggling Bangladesh are caged by 72- and 96-hour hartals that virtually close down the impoverished country. The reason for their predicament is the impractical stubbornness of their leaders to come to terms as to how a civil society should resolve its problems in a civilized manner."

Bangladeshi leaders need a strong dose of the medicine prescribed by Shelley if democracy and development are to continue. Unfortunately, many Bangladeshis agree with shopkeeper Joynal Abedin, who told the January 14 *New York Times* that, "Our politicians think only about power, about their own greed." ■

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ON SOUTH ASIA

Double Betrayal:

Repression and Insurgency in Kashmir

By Paula R. Newberg. Washington, D.C.: The Carnegie Endowment for International Peace, 1995. 77 pp., \$6.95.

In this brief volume, Paula R. Newberg presents a stark overview of the suffering inflicted on the civilian population of Kashmir by the 50-year conflict between India and Pakistan over its status. Beginning with a brief summary of the conflict's genesis, she goes on to examine the political, religious, and personal dimensions of the dispute and Kashmir's subsequent occupation. While she champions the sovereignty of the Kashmiri people, she does not refrain from criticizing the violence and extremism of the Kashmiri insurgents, any more than she does in similar instances involving Indian and Pakistani forces.

Nor does Newberg shy away from revealing the sometimes erroneous attempts of the traditional Kashmiri elite to locate their nation's suffering in the context of those ethno-political clashes that have been more successful in capturing the world's attention. Newberg reveals instances in which they compare themselves, for example, to "disenfranchised" Afrikaners in South Africa, whom, she says, they mistakenly believe to be the indigenous inhabitants of that country. Perhaps more reasonably, the Kashmiris attempt to establish in the world's consciousness the parallels between their plight and that of the victims of Serb atrocities in Bosnia, even as Westerners seeking to motivate international intervention in the war in Bosnia make comparisons to the Holocaust. These machinations reveal the ugly necessity of locating human suffering in the context of European examples in order to make that suffering real to a Western audience.

But Newberg resists the Western gloss of the Kashmiri struggle in a manner similar to that she employs to critique the self-interested concerns of Indian and Pakistani initiatives. For in showing the everyday mood of surveillance and the ubiquitous presence of armed soldiers throughout the populous areas of Kashmir, she reveals that the Western picture of the conflict as relevant only in terms of its nuclear aspects is, for the traumatized

Kashmiri populace, an academic question. Far more relevant to them is the scarcity of men and boys, many in exile, in detention, or dead—if their fates are known at all—and the shamed silence of their wives, daughters, and mothers about the widespread instances of rape by anti-insurgents. These violations are made possible not by the threat of nuclear holocaust but by the more readily visible presence of conventional means of warfare, the machine gun, the masked soldier, the shrines and villages set ablaze.

Megan J. Breslin

Democracy and Violence in India and Sri Lanka

By Dennis Austin. New York: Council on Foreign Relations Press, 1995. 101 pp., \$14.95.

University of Manchester Emeritus Professor of Government Dennis Austin examines the relationship between violence and democracy in India and Sri Lanka, two countries that operate under parliamentary systems but whose ethnic, religious, and political conflicts have repeatedly exploded in violence. Austin asks whether the violence seemingly endemic to these countries will wear away the integrity of their democratic processes, or whether it is better understood as an expression of dissent the system can withstand.

O. E. S.

Crisis Prevention, Confidence Building, and Reconciliation in South Asia

Edited by Michael Krepon and Amit Sevak.

New York: St. Martin's Press, 1995. 276 pp., \$49.95.

How confidence-building measures, or CBMS—those formal or informal procedures designed to alleviate distrust between adversaries—function in the South Asian context is the subject of this volume. The Indian, Pakistani, Chinese, and American authors brought together here examine the utility of CBMS in the four areas that threaten stability in South Asia: the Kashmir conflict, India's and Pakistan's nuclear programs, the Siachen Glacier controversy, and the war in Sri Lanka.

Michael Krepon notes in his introduction that the adversarial relationship between India and Pakistan overrides any sense of "ownership" of CBMS; unlike the American and Soviet militaries

during the cold war, the Indo-Pakistani militaries are still unable to treat CBMs as neutral elements they are charged to follow regardless the political environment of the moment

Krepon believes the greatest impediment to CBM utility is the Indo-Pakistani attitude that this is a Western concept that has been imposed on the two nations and is thus suspect. This attitude, Krepon argues, also pervades the Indo-Pakistani response to Western concerns about nuclear weapons in the region. But the "message of nuclear danger from Western analysts should not be construed as patronizing," he notes; "at issue is not whether the 'volatile' brown man is more prone to self-immolating behavior than the 'rational' white man. White men nearly blew themselves up time and again, despite the 'stabilizing' presence of nuclear weapons."

This last point is lost on at least two other contributors to the volume. C. Raja Mohan and Peter Lavoy make the odd assertion that India's and Pakistan's "presumed" decision to harden nuclear strike aircraft shelters and prepare for the introduction of mobile missiles may, "if the superpower experience provides any indication, . . . help more than any formal arms accord to enhance crisis stability." Yet if the superpower experience shows anything when it comes to this point, it is that such moves lead to arms racing. The debates about the need to deploy the MX missile to counter "silo-busting" Soviet ICBMs (the source of the "window of vulnerability" in the Reagan years) offer a strong counterargument to the authors' assertion, as does a review of the uproar caused by the presence of Soviet mobile ss-20s in Eastern Europe and the Western-alliance-shaking deployment of Pershing missiles in response, all of which did little to "enhance crisis stability."

No "grand solutions" are presented for South Asia's security problems, but that is not this volume's purpose; *Crisis Prevention* instead offers an excursion into the mechanics of maintaining stability in a tension-ridden region, a major and worthwhile accomplishment in itself.

William W. Finan, Jr.

ALSO RECEIVED

Freedom From Fear

By Aung San Suu Kyi. Edited by Michael Aris.

London: Penguin Books, 1995. 374 pp., \$13.95.

When Burma's military government placed National League for Democracy cofounder and

human rights advocate Aung San Suu Kyi under house arrest in 1989, her husband, Michael Aris, began compiling the first edition of her collected writings, published in 1991. Now, with her unexpected release last July, a second edition containing additional material has been published.

Suu Kyi's writings—which range from historical treatises on Burma and her father's enduring political and cultural legacy to the relationship between Burmese literature and religious philosophies and the country's nascent democratic consciousness—reveal the comprehensiveness of her nonviolent philosophy. *Freedom From Fear* also offers a multifaceted picture of the historical and political dimensions of Burma's ongoing attempts to define itself; at the same time it articulates the moral and intellectual foundation on which Burma's foremost leader in the current struggle for democracy has predicated her efforts.

Whether she is conducting a crosscultural analysis of the Indian and Burmese struggles to shed their colonial constraints; presenting Burma and its peoples for the first time to a younger reading audience; or calling into question the oppressive military regime that has ruled the country for 26 years, Suu Kyi's evenhandedness and compassion are apparent throughout. In addition, her son's comments as well as essays by Aris and several longtime family friends afford an intimate view of Suu Kyi's private persona that confirms the public perception of her as an earnest and disciplined leader embodying the same qualities of forthrightness and humility attributed to Burma's national hero, her father, Aung San.

Two essays addressing Suu Kyi's position in relation to Burma's past and future, as well as a chronology compiled from the reports of human rights groups and the international press of the events leading up to her party's 1990 election victory and Suu Kyi's subsequent six-year house arrest, help the reader to place this portrait of a woman who, in her son's words "is often described as a political dissident who strives by peaceful means for democratic change" but whose ultimate quest, as he emphasizes in Suu Kyi's own words, is "the quintessential revolution of the spirit."

M. J. B. ■

THE MONTH IN REVIEW

February 1996

INTERNATIONAL

Middle East Peace Process

Feb. 28—Outside Washington, D.C., Israeli and Syrian negotiators begin a 3d round of peace talks; the talks are expected to focus on security and economic issues as well as water rights.

ALBANIA

Feb. 26—A car bomb explosion in Tirana kills 5 people and wounds 30; members of the former communist secret police are believed responsible.

ALGERIA

Feb. 11—Muslim fundamentalists are believed responsible for 2 car bomb explosions today in Algiers that killed 17 people and wounded 93.

BANGLADESH

Feb. 11—Two people are killed and 150 injured in protests to prevent parliamentary elections scheduled for February 15; opposition parties are boycotting the elections, saying that they are rigged to ensure the reelection of Prime Minister Khaleda Zia.

Feb. 29—The *Far Eastern Economic Review* reports that Prime Minister Zia's Bangladesh National Party won 201 of parliament's 300 seats in the February 15 elections; voter turnout was about 10%.

BOSNIA AND HERZEGOVINA

Feb. 10—Bosnian Serbs agree to proceed with scheduled meetings with NATO; yesterday, Serb military commanders cut off all communication with NATO to protest the arrest of 2 Bosnian Serb officers on war crimes charges on January 30.

Feb. 17—NATO officials announce that 2 Iranians detained by NATO forces on suspicion of involvement in an alleged terrorist-training camp will be deported by Bosnian authorities; 8 Bosnian suspects remain in Bosnian custody.

Feb. 19—UN officials announce that Muslim authorities will take control of the Sarajevo suburb of Vogosca on February 23, 3 weeks earlier than required under the Dayton Accords.

Feb. 20—Bosnian Serb leaders urge all Serbs living near Sarajevo to leave before the Muslim-dominated government takes control of the city's surrounding areas.

Feb. 24—NATO allows Bosnian Serbs to send trucks to the suburbs of Sarajevo to evacuate the Serb communities in preparation for the Bosnian government takeover; NATO had previously condemned this effort.

Feb. 26—Bosnian Muslims safely reenter the Sarajevo suburb of Vogosca for the first time in 4 years; most of the Bosnian Serbs who had occupied the area have fled in the past few days.

Feb. 27—The UN and Yugoslavia lift sanctions on Bosnian Serbs as a reward for the Serb withdrawal from designated areas of Sarajevo.

Feb. 29—The Bosnian government announces that the siege of Sarajevo is officially over.

BURMA

Feb. 10—The government says it will not extradite reputed drug lord Khun Sa to the US. Khun Sa, who was indicted in 1989 by a US grand jury on 10 counts of heroin trafficking, surrendered to Burmese army forces in January.

CAMBODIA

Feb. 2—Government troops attack a major Khmer Rouge base at Phnom Veng, damaging the Khmer Rouge headquarters and jeopardizing a mineral-rich area that is used by the rebel group to finance its operations.

CHINA

Feb. 29—The *Far Eastern Economic Review* reports that China plans to increase defense spending by 19% this year; Western analysts believe that actual defense expenditures will be 2 to 5 times the reported official figure of \$9 billion.

COLOMBIA

Feb. 14—President Ernesto Samper is formally charged with illegal enrichment, electoral fraud, and cover-up; the charges come after 19 months of investigation of claims that the Samper campaign accepted over \$6 million from cocaine traffickers. The case now goes to a congressional committee, which has 60 days to dismiss the charges or call a vote of impeachment by Congress.

CUBA

Feb. 20—State security forces arrest 10 members of Concilio Cubano, a dissident human rights coalition group, prompting the organization to cancel a conference planned for this week in Havana; the arrests bring to 28 the number of the group's members and organizers taken into custody over the past week.

Feb. 24—Cuban jet fighters shoot down 2 unarmed civilian aircraft flown by anti-Castro Cuban-American exiles; Cuba claims that the civilian aircraft crossed into Cuba's air defense zone.

EGYPT

Feb. 24—The government announces the arrests of 18 people it believes are members of the Islamic Group, a militant organization opposed to the government and the state of Israel; the government announced last week that it had killed the Islamic Group's leader, Mahmud al-Walidi.

In southern Egypt, 8 Coptic Christians are killed by suspected Muslim militants; in the past 2 weeks 18 other Copts have been killed in terrorist violence.

FRANCE

Feb. 22—President Jacques Chirac announces that the armed forces will be reduced about one-third its current size and become an all-volunteer force within the next 6 years; France currently has a uniformed force of 500,000 troops.

GERMANY

Feb. 29—A partially constructed mosque being built by the Turkish-Islamic Union is firebombed; officials do not have any suspects.

Konrad Porzner, the head of the Federal Intelligence Service, resigns after allegations that 3 of his agents embezzled government funds to buy Russian military equipment for the US Defense Intelligence Agency between 1991 and 1993.

GREECE

Feb. 15—A group calling itself National Struggle takes responsibility for an antitank rocket attack on the US embassy in Athens; there were no injuries in the attack, which damaged a perimeter wall and 3 parked cars; officials believe the attack may have been in retaliation for the US role in mediating last month's dispute between Greece and Turkey over a group of Aegean islets.

GUATEMALA

Feb. 6—Pope John Paul II visits Guatemala.

Feb. 7—*The New York Times* reports that on January 19, newly elected President Alvaro Arzú Irigoyen dismissed 8 high-ranking military officers and on January 26 removed 118 police from their posts; all those dismissed are implicated in corruption or human rights abuses. Among them were General Carlos Enrique Pineda Carranza and Colonel Julio Roberto Alpírez, a former paid agent of the CIA who has been accused of involvement in the 1992 killing of leftist rebel Efraín Bámaca and of cover-up in the 1990 killing of Michael Devine, an American.

Feb. 9—President Arzú announces that formal peace talks with leftist rebels will resume.

Feb. 28—*The New York Times* reports that a Guatemalan human rights group has exhumed the remains of 167 people it believes were killed in April 1982 by the military.

GUINEA

Feb. 3—State radio reports that an apparent coup attempt was defused today when President Lansana Conte settled a pay dispute with rebellious military units; Conte told Radio France International that troops loyal to him had repulsed 3 attacks on the presidential palace.

HAITI

Feb. 7—President Jean-Bertrand Aristide becomes the 1st president in Haitian history to peacefully transfer power to a democratically elected successor when René García Préval is sworn in as the new president; Aristide's last act as president was the restoration of Haitian diplomatic ties to Cuba on February 6, suspended more than 30 years ago at the behest of the United States.

Feb. 16—President Préval appoints Rony Smarth, an agricultural economist, prime minister; the appointment must be confirmed by parliament.

Feb. 29—The UN Security Council votes unanimously to extend the deployment of the UN police force in Haiti for 4 months; China had threatened to use its veto to prevent the extension of the police force mandate after Haiti invited Taiwanese Vice President Li Yuan-Zu to President René Préval's February 7 inauguration ceremony.

INDIA

Feb. 21—Urban Affairs and Employment Minister R. K. Dhawan resigns after being named in the \$18 million bribery scandal

that has forced the resignation of 6 of Prime Minister P. V. Narasimha Rao's cabinet ministers.

Feb. 29—A judge orders the arrest of 10 politicians charged in the bribery scandal; among those arrested is L. K. Advani, leader of the opposition Bharatiya Janata Party; Advani is later released on bail.

IRAQ

Feb. 6—The 1st round of UN-Iraq talks on possible limited sales of Iraqi oil to finance civilian relief begin today; the proposed agreement allows \$2 billion in Iraqi oil sales every 6 months and mandates inspections to ensure the proceeds are used to assist the most impoverished sectors of the Iraqi population.

Feb. 19—The UN-Iraq talks are suspended after Iraqi negotiators object to a number of restrictions in the plan, especially a requirement that \$150 million from the sale of oil be allocated to Iraqi Kurds.

Feb. 20—Lieutenant General Hussein Kamel al-Majid and his brother, former head of the Iraqi special forces Colonel Saddam Kamel al-Majid, leave Jordan with their families after receiving permission to return from President Saddam Hussein, who is also their father-in-law; both men defected in to Jordan in August 1995, where General Majid advocated the overthrow of the Iraqi government.

Feb. 22—UN Secretary General Boutros Boutros-Ghali announces that Iraqi and UN negotiators have reached agreement on a list of 12 steps necessary for the implementation of a UN plan to allow a \$2 billion Iraqi oil sale to finance Iraqi civilian relief.

Feb. 23—The government reports that Lieutenant General Majid and Colonel Majid have been killed by relatives attempting to reclaim the family's "honor"; their father and another brother are also killed in the attack.

ISRAEL

Feb. 11—Prime Minister Shimon Peres formally announces that general elections will be held in May rather than in October, as previously scheduled.

Feb. 12—The government closes its borders with the West Bank and Gaza Strip to Palestinians indefinitely, citing fears of terrorist retaliation for the January 5 killing of Yahya Ayyash, a member of the militant Muslim fundamentalist group Hamas who masterminded a string of suicide bombings in Israel; the closing prevented Muslims from worshipping in Jerusalem at the end of the Islamic holy month of Ramadan.

Feb. 15—The government partially reopens the West Bank to accommodate worshippers commemorating the Night of Fate, which marks the date on which the Koran was revealed to Muhammad.

Feb. 19—The return of 154 Palestine National Council members to the West Bank and Gaza Strip is approved by the Israeli government; the exiled council members form the PLO's parliament, which as part of a September 1995 agreement must vote to change the PLO's charter which calls for Israel's destruction.

Feb. 26—Two suicide bombers kill 25 people and injure 77 in attacks in Jerusalem and Ashkelon; statements sent to news agencies by Hamas's military wing say that the bombings, which bring to an end a 6-month period during which Hamas had not carried out attacks, are in retaliation for the death of Yahya Ayyash. Israel says it is sealing its borders with the West Bank and Gaza indefinitely.

Ahmed Abdul-Hamid Hamideh, an Arab-American, is shot to death by armed bystanders after he loses control of his car, killing 1 person and injuring 22 others.

Feb. 29—Hamas announces terms under which it will agree to a cease-fire in its terrorist campaign against Israel; under the

offer Israel would have to release its Hamas prisoners and end reprisals against Hamas and other Palestinians.

ITALY

Feb. 16—President Oscar Luigi Scalfaro dissolves parliament; he calls for elections on April 21.

Feb. 24—Former Prime Minister Lamberto Dini announces he will lead a new party that will have ties to the center-left parties; the party is still unnamed.

KOREA, SOUTH

Feb. 15—Government troops hold military exercises near the Takeshima Islands, which both South Korea and Japan claim.

Feb. 22—Three generals, Park Jun Byong, Choi Se Chang, and Chang Se Dong, are arrested for their role in the military's suppression of pro-democracy demonstrations in Kwangju in 1980; at least 240 demonstrators were killed and 1,800 wounded; 14 former generals, including 2 former presidents, have been arrested on similar charges.

Feb. 26—Former President Chun Doo Hwan goes on trial on charges that he accepted bribes and created a huge slush fund during his presidency; he denies the charges; both he and former President Roh Tae Woo are expected to be tried next month for their involvement in the 1979 coup that brought Chun to power.

LIBYA

Feb. 13—Libyan legislators end an annual 7-day congressional session during which they harshly criticized Colonel Muammar Qaddafi's government for its failure to distribute oil revenues directly to citizens, as it had promised.

Feb. 24—The CIA reports that Libya is nearing completion of what will be the world's largest chemical weapons plant. The facility, which is to be completed within 2 years, will be capable of producing daily the ingredients for tons of poison gas.

MEXICO

Feb. 14—Government officials and Zapatista guerrilla leaders announce that they will sign an agreement recognizing the educational and political rights of Mexican Indians; the agreement comes after a 12-month cease-fire and 10 months of negotiations with the rebels.

Feb. 15—The leftist Party of the Democratic Revolution (PRD) halts its 16-day blockade of more than 60 Tabasco state oil wells owned by Pemex, the state oil monopoly; the PRD ended the blockade after the government agreed to address concerns about corruption in Tabasco.

Feb. 17—The conservative opposition National Action Party (PAN) announces its withdrawal from talks aimed at further democratization of the Mexican political system; PAN is protesting a ruling party-controlled state elections commission's reversal of PAN's November 12, 1995, election victory in Huejutzingo on technicalities.

NICARAGUA

Feb. 7—Pope John Paul II arrives for his 1st visit to Nicaragua in 13 years.

NIGER

Feb. 12—Head of state Lieutenant Colonel Ibrahim Bare Mainassara, who participated in the January 27 coup of the democratically elected government, says that he will rescind his government's ban on political parties in October as a prelude to fall elections.

NIGERIA

Feb. 3—Alex Ibru, the publisher of Nigeria's leading newspaper, *The Guardian*, is shot and wounded; there are no suspects and the assailants' motive is unknown.

PALESTINIAN AUTHORITY

Feb. 12—Yasir Arafat is sworn in as president of the Palestinian interim government; the final phase of Israeli-Palestinian talks is scheduled for May.

Feb. 27—Palestinian police arrest a number of people believed to be members or supporters of the militant Muslim fundamentalist group Hamas; the arrests come as part of the provisional Palestinian government's investigation of yesterday's terrorist bombings in Israel that killed 27 people, including 2 suicide bombers.

PERU

Feb. 2—President Alberto Fujimori says in an interview that he will not intervene in the case of American Lori Helene Berenson, who was convicted of treason and sentenced to life in prison on January 11 for her activities with the leftist Túpac Amaru Revolutionary Movement.

POLAND

Feb. 1—Włodzimierz Cimoszewicz is named prime minister; he replaces Jozef Olesky, who resigned last week over allegations that he was a spy for Moscow.

RUSSIA

Feb. 3—The government agrees to pay \$133 million in back wages to the nearly 500,000 Russian miners, who have been on strike since February 1, and promises to allocate \$2.2 billion for the coal industry.

Feb. 8—The International Monetary Fund (IMF) approves a \$1.05 billion loan to Russia, the final installment in a \$6.3 billion loan package approved for Russia last year.

In Grozny, the capital of the secessionist republic of Chechnya, more than 1,000 peaceful demonstrators calling for the departure of Russian troops from Chechnya are surrounded by Russian Interior Ministry troops.

Feb. 9—An explosion kills 3 of the Grozny Chechen protesters and injures 7; the Interior Ministry says the protesters set off the explosion to inflame anti-Russian sentiment; Interior Ministry troops continue to surround the now more than 2,000 demonstrators.

Feb. 11—Protests against the presence of Russian troops in Chechnya end; at least 6 people have been reported killed and 15 injured.

Feb. 13—The government bans the film crews of NTV, Russia's only nationwide independent television station, from the Kremlin; the ban comes after the station aired an interview with former presidential press spokesman and current Ambassador to the Vatican Vyacheslav Kostikov in which he criticized Yeltsin and Yeltsin's chief of security, General Aleksandr Korzhakov.

Feb. 15—President Boris Yeltsin announces that he will seek a second presidential term in the June election.

Feb. 15—Oleg Poptsov, the Russian State Television chairman, is dismissed by Yeltsin; hard-line Yeltsin aides are reportedly displeased with the network's coverage of the war in Chechnya.

Feb. 19—Russian forces begin shelling the northeastern Chechen village of Novogrozny in an effort to oust separatist rebels; the attack comes after several days of fighting in which 15 Russian soldiers were killed.

In the Dagestan republic, Chechen rebels exchange 12

Russian police officers held hostage since January for several Russian-held Chechen prisoners.

Feb. 20—Fighting in Novogroznensky continues as Russian troops step up their attacks on the village; at least 170 Chechen rebels have been killed in the attacks; there are conflicting reports whether civilians were allowed to flee before the attacks began.

Feb. 22—Russia and the IMF reach an agreement on a \$10.2 billion loan to assist Russia in its transition to a capitalist economy; the IMF's formal approval is expected by mid-April.

Feb. 25—Russian officials reach an agreement with Ruslan Aushev, the leader of the Ingushetia republic, to withdraw Russian troops searching for Chechen rebels in the republic; Aushev says that 4 civilians have been killed and 10 wounded over the past several days in Russian attacks.

RWANDA

Feb. 19—A UN tribunal charges 2 Rwandan Hutus with genocide for their participation in the 1994 killing of minority Tutsi; the 6-person tribunal indicted 8 former Rwandan officials on similar charges in December, but the 2 men charged today will most likely be the 1st to stand trial since they are already in jail in Zambia.

SAUDI ARABIA

Feb. 22—King Fahd announces that he is resuming full control of the government; on January 1, Fahd appointed his half-brother, Crown Prince Abdullah, to govern in his absence while he recovered from what Western officials believe to have been a stroke.

SPAIN

Feb. 24—Basque separatists take responsibility for the killing of Socialist Party leader Fernando Mugica Herzog on February 6.

TAJIKISTAN

Feb. 2—Mutinous troops halt their advance on the capital city of Dushanbe after pro-government troops were deployed to protect the city; rebel commander Colonel Makhmoud Khudoyberdyev rejects President Imomali Rakhmonov's offer of talks.

Feb. 8—Yakhyo Azimov, a self-proclaimed free market advocate, is sworn in as prime minister; former Prime Minister Dzhamshed Karimov left the post after last week's military uprising.

TURKEY

Feb. 24—Talks between the leading Islamic party, the Islamic Welfare Party, and the conservative Motherland Party on forming a coalition government fail.

UNITED KINGDOM

Great Britain

Feb. 23—Member of Parliament Peter Thurnham relinquishes his Conservative Party affiliation and becomes an independent; Thurnham disagreed with Prime Minister John Major's

handling of Britain's sale of military equipment to Iraq earlier this month; this is the 3d such resignation in 4 months, leaving Major's government with only a 2-seat margin in the 651-member House of Commons.

Northern Ireland

Feb. 9—A bomb explodes near a London office complex, killing 2 people and wounding 100; the Irish Republican Army (IRA) takes responsibility for the attack, which ends a 17 month cease-fire.

Feb. 18—A bomb detonates in a London bus, killing the bomber and injuring 9 other people; the IRA says it is responsible for the explosion.

Feb. 28—Prime Ministers John Major of Britain and John Bruton of Ireland set June 10 as the date for all-party talks on Northern Ireland; the condition for scheduled talks is a resumption of the IRA cease-fire.

Feb. 29—Gerry Adams, the head of Sinn Fein, the IRA's political wing, and John Hume, head of the Social Democratic and Labor Party, announce they have met with IRA leaders and believe that the IRA will reinstate the cease-fire.

UNITED STATES

Feb. 1—*The New York Times* reports that the government, while still maintaining formal diplomatic relations with Sudan, is withdrawing its diplomats and suspending operation of its embassy in the capital of Khartoum; the embassy closing comes in response to US intelligence warnings of increased Islamic fundamentalist anti-American hostilities in the region.

Feb. 3—Sergeant 1st Class Donald Allen Dugan is killed by an explosion in northern Bosnia; he is the 1st American fatality in the NATO-led Bosnian peacekeeping effort.

Feb. 23—The State Department announces that it will pay \$300,000 for each wage-earning victim and \$150,000 per non-wage-earner in compensation to the families of 248 Iranians killed on July 3, 1988, when a US warship, the USS Vincennes, shot down an Iranian airliner after mistaking it for a fighter plane.

Robert Lipka, a former employee at the National Security Agency, is arrested in Pennsylvania on charges of espionage for the Soviet Union in the mid-1960s.

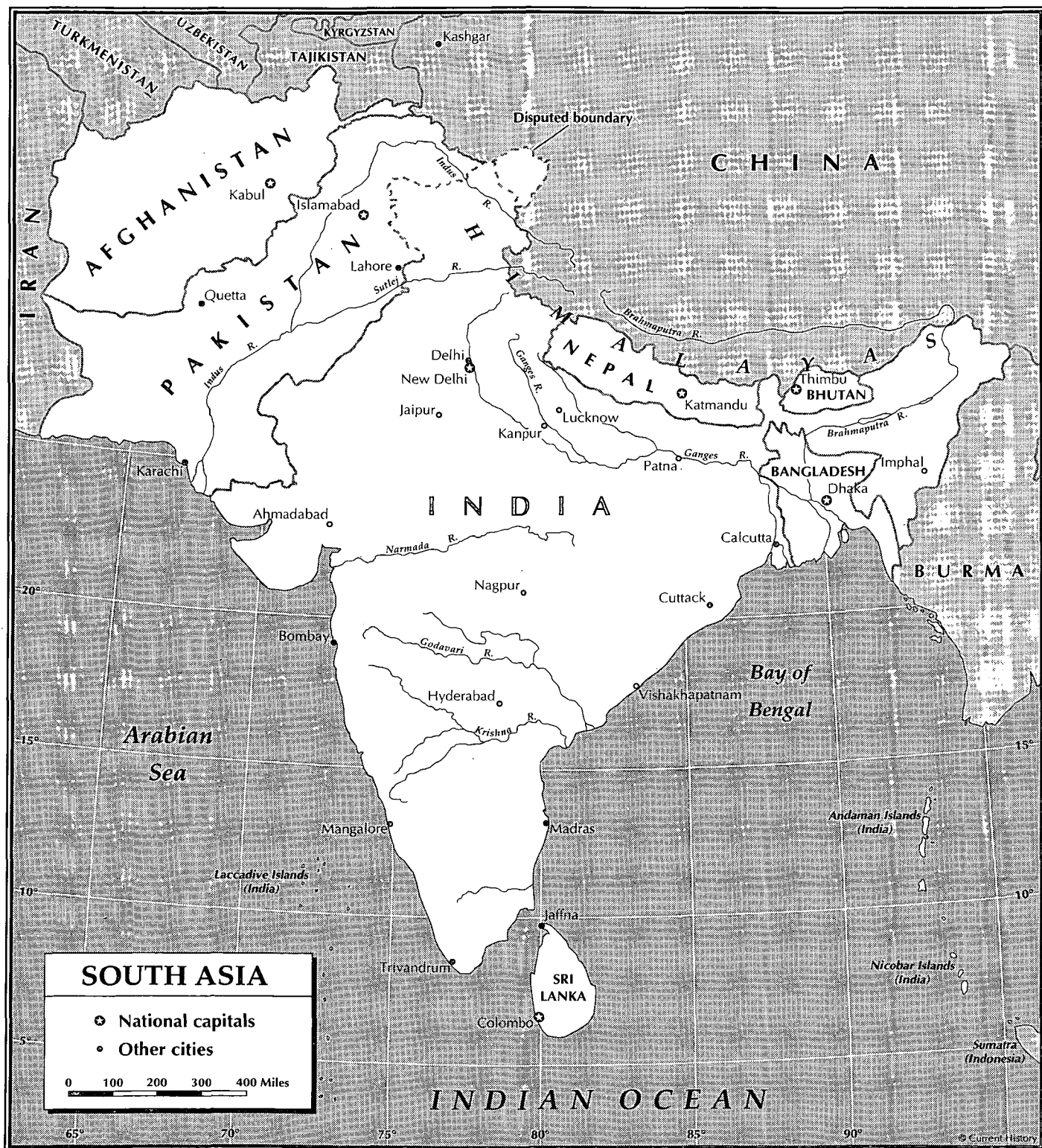
Feb. 26—President Bill Clinton suspends all chartered air travel between Cuba and the US and announces his intention to work with Congress to pass legislation calling for stronger sanctions against Cuba; the announcements come after 4 Cuban-American exiles were killed when their unarmed civilian planes were shot down by Cuban military aircraft on February 25.

VENEZUELA

Feb. 9—Pope John Paul II arrives in Caracas; 40,000 soldiers and police are deployed to ensure calm after 18 days of antigovernment protests in the capital.

ZAIRE

Feb. 10—Officials announce plans to close 40 camps holding 1 million Rwandan refugees; the closings are expected to begin within days.



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